

Secret Budgets Become a Public Issue

STAT

By PHILIP TAUBMAN

WASHINGTON — The budget for American intelligence agencies does not usually receive great public attention. Normally watched closely only by a small group of experts, it is reviewed in secret by intelligence committees in the Senate and House, while other lawmakers are permitted to examine the figures in a specially secured room in the Capitol.

Last week, the circle of interested parties widened dramatically when President Reagan implied in a reply to a question from a student at a political rally that "the near destruction of our intelligence capability" before he took office was partly to blame for the car-bombing of the United States Embassy in Beirut 10 days ago.

Democratic leaders accused Mr. Reagan of misrepresenting reductions in intelligence operations during the 1970's and oversimplifying the reasons for the embassy's vulnerability. Asserting that the President's comment was "personally insulting and too gross in its implications to ignore," former President Jimmy Carter demanded an apology from Mr. Reagan and got at least an explanation. The President telephoned Mr. Carter to say that he had not meant to suggest that "you or your Administration was responsible for the decline in intelligence-gathering capability" or for the Beirut bombing.

White House spokesman Larry Speakes said Mr. Reagan had been quoted out of context and had been talking about "a decade-long trend and climate in Congress." And Mr. Reagan complained to reporters about "the way you distorted my remarks."

Senator Daniel Patrick Moynihan, the New York Democrat who is vice chairman of the Senate Select Committee on Intelligence, said that the President's statement "undermines — I am prepared to say betrays — almost a decade of sustained bipartisan efforts in Congress to reconstruct an intelligence community whose budgets had run down steadily through the first half of the 1970's and began to rise sharply in the second."

The sharp exchange came as Congress was poised to approve a \$9 billion intelligence budget for 1985, a 25 percent increase over this year's and twice the amount appropriated only five years ago.

Unlike Mr. Reagan's military buildup, the rapid growth of intelligence spending has provoked little debate. The only part of the intelligence budget that has been widely discussed is Central Intelligence Agency support for Nicaraguan rebels, which has consumed about \$150 million since 1981, intelligence officials said. Last week, the Senate, which favors aiding the rebels, and the House, which does not, seemed headed for a fight over the issue as they dealt with the omnibus spending bill.

How the C.I.A. interprets its information was also at issue. Intelligence officials said the agency's top Latin America analyst resigned in May after William J. Casey, the Director of Intelligence, insisted on revising a report on Mexico so it would support Administration policy. The former analyst, John R. Horton, said, "There is pressure from Casey on subjects that are politically sensitive to jigger estimates."

Budgetary Ups and Downs

Mr. Horton was the second Latin America analyst to break publicly with the agency this year while contending that intelligence information had been slanted on orders from Mr. Casey. A C.I.A. spokesman declined to comment on the Horton case but said there are often disagreements about "the weight given to various judgments and that's the way it should be."

There has been wide agreement that the intelligence agencies needed strengthening after the cutbacks in the 1970's. During those years, according to Mr. Casey, the agencies' work force

and budgets were cut by 40 percent. With recent budget increases, the employee total has been brought back to about 100,000.

One reason the expansion has received little notice is that, with a few exceptions, such as the construction of new buildings at the C.I.A. complex in northern Virginia and at the National Security Agency headquarters at Fort Meade, Md., the money has been spent in secret.

The largest intelligence agency, with \$4 billion to spend and more than 60,000 employees, is the National Security Agency. It is responsible for monitoring worldwide communications, in particular those emanating from the Soviet bloc, and cracking enemy codes.

The agency has hired hundreds of additional translators in recent years and acquired a new generation of sophisticated computers to sort through millions of intercepted microwave and radio messages.

Next largest is the National Reconnaissance Office, an agency in the Pentagon whose existence is not publicly discussed, which is responsible for developing and deploying spy satellites. It spends more than \$2.5 billion a year. The agency has a history of huge cost overruns, intelligence officials said. It has been the beneficiary of more than one-fourth the overall increase in the intelligence budget since 1981, primarily for satellites.

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Senate Panel Is Asked to See If U.S. Reports Were Tailored

STAT

Special to The New York Times

WASHINGTON, Sept. 28 — The Senate minority leader, Robert C. Byrd, asked the Senate Select Committee on Intelligence today to investigate whether the Reagan Administration had tried to tailor intelligence reports to support policy.

Mr. Byrd, a West Virginia Democrat, said his request was made in response to reports that the senior Latin America analyst at the Central Intelligence Agency resigned in May after William J. Casey, the Director of Central Intelligence, insisted that he revise a report on Mexico to support Administration policy.

The C.I.A. declined to comment on the departure of the analyst, John R. Horton.

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LOS ANGELES TIMES
29 September 1984

Reagan Phones Carter to Explain CIA Remark

Georgian Reported 'Still Mad' After Successor Denies Blaming Him for Bombing in Beirut

By JACK NELSON, *Times Washington Bureau Chief*

WASHINGTON—President Reagan, stung by the furor over his recent comments suggesting that the U.S. Embassy annex near Beirut was vulnerable to terrorists because of actions taken in previous administrations, on Friday telephoned former President Jimmy Carter and denied that he had ever meant to blame the Carter Administration for the Sept. 20 bombing.

The President's call, made one day after Carter and other Democratic leaders angrily denounced Reagan's remarks, did not placate the former President. Carter associates described him as "still damn mad."

Student's Question

Reagan, in response to a question from a student at Bowling Green State University in Ohio last Wednesday, had suggested that the failure of embassy security stemmed from what he called "the near destruction of our intelligence capability in recent years." The student had asked about security precautions at the embassy annex, where the bombing killed 13 to 23 persons, including two Americans.

Although Carter refused to discuss his conversation with Reagan, associates of the former President said he flatly rejects Reagan's explanation that the press distorted his comments. And they said the President further irritated Carter by saying that he had really meant to blame "the Frank Church Committee" for weakening the CIA and thereby damaging intelligence capability that might have prevented the bombing.

Reagan was referring to the Senate Intelligence Committee, which, in the 1970s, was headed by the late Sen. Frank Church (D-

Idaho). Democratic presidential nominee Walter F. Mondale was a member of the committee until he left the Senate in 1977 to become Carter's vice president.

CIA Director William J. Casey, who was chairman of Reagan's election campaign in 1980, has refused to comment on Reagan's charges about the decline of the CIA in previous years. But Intelligence Committee Vice Chairman Daniel Patrick Moynihan (D-N.Y.) Friday released a copy of a letter dated March 8, 1984, in which Casey wrote, "All of us know that the increase in the personnel and budgetary strength of the agency began in 1979, that it was planned and proposed earlier, and that it cannot be completed without strong bipartisan support."

In the letter, addressed to Moynihan, Casey said he was "particularly pained" that a Wall Street Journal story had suggested that the "agency's revival" would be "a partisan political theme in the reelection campaign."

"I can assure you that neither I nor the agency will be a part of any such thing," Casey wrote. "I've checked and been assured that there is no intention to go out to make any such issue."

The White House moved quickly to try to quell the controversy over Reagan's comments regarding the latest terrorist attack in Lebanon. Although an anonymous White House official had said Wednesday that reporters "would not be wrong" in assuming that Reagan had meant to blame Carter for weakening the CIA's intelligence capability, other White House officials Thursday insisted that Reagan had not been blaming the former President.

And Reagan, with his chief political adviser, White House Chief of Staff James A. Baker III, at his side in the Oval Office, telephoned

home in Plains, Ga. The conversation lasted only four minutes.

White House officials disclosed the first details of the call and said Reagan felt strongly that the press had distorted his remarks and that he owed Carter an explanation. But they said it was not an apology and said that they could offer no information on Carter's response.

A White House official, saying that he was quoting from notes of the conversation taken by Baker, quoted Reagan as telling Carter:

"I was not suggesting that you or your Administration was responsible for the decline in intelligence-gathering capability, and I certainly did not suggest that your Administration was the cause of what happened at the embassy in Beirut."

In his telephone conversation, the official continued, Reagan said that he "could understand how Carter might have misunderstood him."

However, Carter associates said that the former President had read the White House transcript of Reagan's remarks and believed that they were clearly aimed at his Administration.

Reagan's full quote was: "The real protection and where we're feeling the effects today of the near destruction of our intelligence capability in recent years—before we came here, the effort that somehow to say, well, spying is somehow dishonest and let's get rid of our intelligence agents, and we did that to a large extent. Your biggest protection is to—and we're trying to rebuild our intelligence to where you'll find out and know in advance what the target might be and be prepared for it."

After his conversation with Reagan, Carter told associates that he would have no further public comment on the matter and that "I will let my original statement stand."

In that statement, Carter said: "This series of tragedies in the Middle East has been brought about by the President's own deeply flawed policy and inadequate security precautions in the face of proven danger."

He added that he had refrained from responding to "a stream of false assertions made by President Reagan in his attempt to blame his every mistake and failure on me and others who served before him in the White House" but that "his claim that his predecessors are responsible for the repeated terrorist bombings of Americans is personally insulting and too gross in its

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Byrd Seeks Senate Probe of Charges of Report-Altering at CIA

STAT

By Joanne Omang
Washington Post Staff Writer

Senate Minority Leader Robert C. Byrd (D-W.Va.) yesterday asked the Senate Select Committee on Intelligence to investigate charges by a former CIA intelligence analyst that one of his intelligence reports was altered to support Reagan administration policies in Central America.

Intelligence committee officials said that the request probably would be granted and that a hearing could be held as early as next week. The former analyst, John R. Horton, said he would cooperate in any congressional probe.

Byrd said he was "shocked" by published reports of Horton's revelation that he resigned from the National Intelligence Council last May after CIA Director William J. Casey rewrote an intelligence evaluation on Mexico over Horton's objections.

Sources close to Central America policy-making said yesterday that Casey rewrote Horton's evaluation of Mexico's internal economic and political troubles to suggest that the problems could endanger the country's political stability, and that U.S. security interests might be threatened.

Such an evaluation "overstated the dangers beyond where Horton wanted to go," one source said.

Mexican President Miguel de la Madrid visited the United States May 16-18, shortly after Horton resigned. The rewritten evaluation could have been used by U.S. officials to make de la Madrid more receptive to U.S. pressure that he help in opposing leftist—and, in particular, Nicaraguan—influence in the region, this source said.

"The idea was to get de la Madrid to go for a tougher line in Central America because of his own problems," another source said. He denied published reports that Casey had sought to launch a covert action program in Mexico with the aid of Horton's report.

Horton refused to discuss the contents of the rewritten report, saying in a telephone interview Thursday that it had nothing to do with Central America. Yesterday he confirmed that it involved Mexico, noting that the CIA puts Mexico in a category separate from Central America.

In Byrd's letter to Sen. Daniel Patrick Moynihan (D-N.Y.), intelligence committee vice chairman, he said, "If accurate, these reports indicate there has been a shocking misuse of the CIA for political purposes.

"If the Congress cannot rely on the untarnished accuracy of the CIA's intelligence reports, then the asserted factual basis for virtually every major foreign policy decision of this administration is brought into question," the letter said.

A spokesman for Moynihan's office said the senator would request an investigation as soon as possible. Committee officials said that such requests nearly always are granted and that the hearing might be held next week. They said Casey and Horton would be called to testify.

Reached at his home in Maryland, Horton said, "If they're interested, I'll talk to them."

Another intelligence committee official said the staff had asked the CIA for a written report on Horton's charges.

Horton said that although he supports the administration's overall policy in Central America, he was concerned that debate within the administration on tactical moves in that region is circumscribed by conservative ideological considerations. He said all options are not considered, and he expressed concern that the CIA eventually might be blamed "if any cans get hung around anyone's neck" in regard to events in Central America.



WILLIAM J. CASEY
... said to have rewritten report

PORTLAND OREGONIAN
28 September 1984APPROVED
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Analyst quit in CIA dispute

Compiled from staff and wire reports

WASHINGTON — The senior Latin America analyst at the Central Intelligence Agency resigned in May after William J. Casey, director of the CIA, insisted that he revise a report on Mexico so it would support Reagan administration policy, intelligence officials asserted Thursday.

The intelligence officials told the New York Times that Casey wanted the report to portray the economic and political problems of Mexico as a threat to its internal stability, as well as an indirect danger to the overall security of Central America and the United States.

The officials said that when the analyst, John R. Horton, refused to revise the report on the ground that intelligence data did not support such an alarmist conclusion, Casey had the report rewritten by another analyst.

A spokeswoman for the CIA, Kathy Pherson, said that Casey would not comment on the Horton case and that the agency could not discuss specific intelligence estimates because they were classified. She confirmed that Horton left the agency in May but said he did so after his contract expired. Other intelligence officials said Horton's contract would ordinarily have been renewed but that he decided to leave the agency.

"There is pressure from Casey on subjects that are politically sensitive to jigger estimates to conform with policy," Horton said Thursday.

He declined to comment further about his departure from the CIA, saying he was preparing an article on his views for publication next month.

Administration officials said that Casey wanted a tougher report from Horton, in part to help persuade the White House to approve a program of covert and economic American pressures on Mexico to induce its support for U.S. policies in Central America.

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REAGAN - INTELLIGENCE
BY MICHAEL PUTZEL
WASHINGTON

President Reagan telephoned former President Carter today and was not trying to blame the Carter administration for the Sept. 20 bombing of the U.S. Embassy annex in Beirut, a White House official said.

The official, who spoke only on condition that he not be identified, quoted Reagan as telling Carter:

"I was not suggesting that you or your administration was responsible for the decline in intelligence-gathering capability and I certainly did not suggest that your administration was the cause of what happened at the embassy in Beirut."

There was no word of any response by Carter, who was at his home in Plains, Ga. The telephone call, which the official described as "an explanation" of Reagan's controversial remarks about the fatal bombing, lasted four minutes.

An outpouring of criticism from Carter, his CIA chief and a host of angry Democrats greeted Reagan's comments in Bowling Green, Ohio, on Wednesday, when he was asked about plans to increase security at U.S. embassies after the third fatal bombing attack against U.S. installations in Lebanon in the past 17 months.

Reagan replied that the United States was "feeling the effects today of the near-destruction of our intelligence capability in recent years, before we came" into office in 1981.

Carter and others accused Reagan of trying to evade responsibility for the latest Beirut bombing. Reagan replied that his remarks were distorted by the news media.

The White House official said Reagan told Carter today that he believed his remarks had been misinterpreted and that he was talking about the "decade-long decline in human intelligence-gathering capability."

The official said Reagan "wanted to be absolutely sure" that Carter understood his position, and that Reagan said he "could understand how Carter misunderstood what the president was saying."

Meanwhile, the administration pressed its request in Congress for \$110 million immediately and a total of \$366 million in the coming year as part of a five-year, \$1.5 billion plan to defend foreign posts against future attacks. Last week's suicide bombing at the new embassy annex in Lebanon killed 14 people, including two Americans.

Continued

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CIA HEADS SHOULD BE PROFESSIONALS
BY ROBERT SHEPARD
WASHINGTON

STAT

The CIA's top two officials should be career intelligence officers, not political appointees, say leaders of the Senate intelligence committee.

A bill requiring the appointment of professionals as CIA director and deputy director was introduced Thursday by Sens. Barry Goldwater, R-Ariz., intelligence committee chairman, and Daniel Patrick Moynihan, D-N.Y., vice chairman.

Moynihan said the agency's mission "is best carried out by professional intelligence officers."

The current director, William Casey, served as chairman of the Securities and Exchange Commission during the Nixon administration and was President Reagan's campaign manager before being appointed to head the CIA in 1981.

In a Senate speech, Moynihan noted that in 1981, Reagan also chose as deputy director "a person without visible qualifications, save participation in a presidential campaign," referring to Max Hugel, who resigned the post after two months.

Later questions arose about Casey's activities before his appointment, "including those while he served as the manager of a presidential campaign," Moynihan said.

White House chief of staff James Baker has said Casey gave him briefing papers from President Jimmy Carter's 1980 campaign. Casey has said he does not remember any personal involvement in the case.

"Questions of this sort, however meritorious, detract from the vital duties of the director," Moynihan said.

Moynihan also cited "the one great breakdown" in the intelligence committee's relationship with the CIA when the agency failed to notify the panel about the mining of Nicaraguan harbors earlier this year.

Moynihan questioned whether the "misadventure would have happened if a career intelligence professional with strong interest in the long-term welfare of the intelligence community had been serving as director."

Moynihan said the United States did not have a "career intelligence class" when the CIA was created in 1947, but now, "with almost 40 years of experience, there is no longer any need to look outside of our highly qualified pool of career civilian and military intelligence officers" to head the CIA.

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STAT

Reagan's Reflex: Duck, Hide and Lie

Efforts to Evade Responsibility Are Cowardly and Inexcusable

By JODY POWELL

There are no clear rules for those of us who cross the line from government and politics into journalism, but there are responsibilities. One of them is to make known the biases and preconceptions that influence our commentary; and another is to avoid the use of our new positions as a tool for self-justification, a means to propagandize for the people with whom we were associated in earlier days.

In consequence, I have shied away from direct involvement in political arguments concerning the President I once served as press secretary and the current Administration. That policy is about to be broken. And the reader has a right to know that the breach is motivated by a degree of personal outrage and disgust that might or might not exist were it not for past political affiliations.

The proximate cause of all this is President Reagan's attempt to blame the bombing of our embassy in Beirut on Jimmy Carter. But there is a great deal more to it than that. Were this an isolated incident, a chance remark that could be dismissed as a momentary lapse into that very human desire to avoid responsibility for painful mistakes, or if the allegation contained some semblance of truth, the matter would be very different. But these excuses do not apply here.

The charge is patently and demonstrably false. One need look no further than the public statement of President Reagan's own CIA director (and former election campaign chairman) William J. Casey, who disputed the exact same allegation when it was first made by the White House in the aftermath of the attack on the Marine garrison.

Nor is the President's behavior on this occasion in any way atypical. To the contrary, it is part of a continuing pattern that raises questions, not about his policies

or age or intellect, but about his character: Is this man who speaks so eloquently about courage, who cultivates the macho, tough-guy image, a person of true courage; or is he at base a coward?

From virtually his first day in office Reagan has reacted with deeply offended innocence to any implication that he has any responsibility for anything that has gone awry. He has blamed the Congress, previous Administrations, bad staff advice, the Federal Reserve and the press for everything from the recession of 1982, to the deficit, to withdrawal of the Marines from Lebanon, to the sad state of super-power relations. Even his lifelong pattern of irregular church attendance is now laid at the feet of the Secret Service and its cumbersome security procedures.

It is all baloney, but worse than that, it is gutless. His behavior stands in marked contrast to that of his predecessors. One recalls Abraham Lincoln taking personal responsibility for the ineffective Union commanders and prolonged carnage of the Civil War. And Harry S. Truman, who knew where the buck stops and proved it with gutsy and unpopular decisions. And Dwight D. Eisenhower, who knew something about the requirements of command and leadership, accepting responsibility for the U-2 incident. And John F. Kennedy, whom Reagan now quotes shamelessly, accepting full responsibility for the Bay of Pigs.

And I remember the President—the one now being blamed for three tragedies in Beirut—acting without hesitation to accept responsibility for the failed rescue mission in Iran, and threatening to fire any member of his staff who tried to blame those involved with planning or executing that operation. To be accurate, Reagan did seem to accept responsibility for the bombing of the Marine garrison last October, but that

acceptance was shortly followed by his press secretary's attempt to blame it on previous Presidents.

The issue here is not physical bravery but a more fundamental quality, the moral and intellectual courage that compels a man of integrity to face the realities of this world forthrightly, which makes fleeing responsibility as unthinkable and abhorrent as flight from combat. This quality is important, since it is difficult to deal with problems that one is afraid to face.

Nor are the problems with Reagan's behavior confined to his reflexive instinct to duck and hide. His instincts, as we've witnessed so often, are deceitful. He consistently uses obvious falsehoods, that he knows to be false, to excuse himself and blame others.

If there is any excuse for the President's behavior it must be that the temptation is too difficult to resist. He has gotten away with it so well for so long. The responsibility for that falls on the shoulders of Democrats who have often been afraid to attack a popular President head-on, and on journalists who have so frequently dismissed his spiteful alibis with a shrug and the excuse that "it's just the way he is and it doesn't mean anything." The truth is, it does mean something precisely because that's the way he is.

At this writing there is some indication, both among Democrats and within the press, that some of this is about to change. But we have seen such indications before and no follow-up. The test is not just the response to the latest disgusting episode but the handling of similar incidents that are sure to arise as long as Reagan seeks to occupy, but not to fulfill, a position of public responsibility.

Jody Powell is a syndicated columnist in Washington.

CIA CHIEF CALLS FOR ANTI-TERRORIST SANCTIONS
LOS ANGELES
27 September

STAT

THE DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY, WILLIAM CASEY, TONIGHT CALLED ON WESTERN NATIONS TO TAKE LEGAL AND ECONOMIC SANCTIONS AGAINST COUNTRIES HARBORING TERRORIST GROUPS.

"TERRORISM IS A NEW WEAPONS SYSTEM THAT SEEKS TO DESTROY THE BOUNDARIES BETWEEN WAR AND PEACE," CASEY SAID IN A SPEECH WHICH CAME SIX DAYS AFTER 23 PEOPLE WERE KILLED IN A BOMB EXPLOSION AT THE U.S. EMBASSY ANNEX IN BEIRUT.

HE SAID THERE WERE INTERNATIONAL TERRORIST ORGANIZATIONS IN IRAN, NORTH KOREA, BULGARIA AND LIBYA. "THESE ARE AREAS IN WHICH THE SOVIET PRESENCE IS NO SECRET," CASEY TOLD A MEETING OF THE LOS ANGELES WORLD AFFAIRS COUNCIL, AN INDEPENDENT CIVIC ORGANIZATION.

WESTERN NATIONS NEEDED TO WORK TOGETHER TO HALT THE SPREAD OF TERRORISM BY TAKING LEGAL AND ECONOMICS SANCTIONS AGAINST COUNTRIES WHICH HARBOR TERRORIST GROUPS, HE SAID.

MUCH OF THE MONEY PUMPED INTO THE DRUG TRADE WENT DIRECTLY TO SUPPORT TERRORIST ACTIVITIES, HE SAID.

WASHINGTON POST
 28 September 1984

Democrats Denounce Reagan for Faulting Intelligence in Att

Aides Dispute CIA's 'Near-Destruction'

By Bob Woodward
 Washington Post Staff Writer

Past and present CIA officials yesterday sharply disputed President Reagan's campaign claim on Wednesday that there was a "near-destruction of our intelligence capability" before he took office.

Aides to Reagan's CIA director, William J. Casey, said neither budget nor personnel levels were cut unduly during President Jimmy Carter's administration.

Cuts in the covert operations branch under Carter's CIA director, Adm. Stansfield Turner, briefly became an issue when agency old-timers and some others fought them. But officials said yesterday that the cuts were almost exclusively of headquarters bureaucrats and that none involved an operative or agent overseas.

A general decision to make some cuts in CIA personnel was made after the Vietnam war in 1976 and early 1977 when George Bush, Reagan's vice president, was CIA director, these officials said. This decision was executed and accelerated during the Carter administration.

But officials also said that Reagan had seen improvement over his 3½ years in office in the intelligence he receives, largely because of improvement in satellites and other

intelligence technology. In addition, one official said that morale has improved in the intelligence community under Reagan and efforts have been made to expand the so-called human intelligence or information obtained from spies.

"What he sees as president and knows about what is going on," this official said, "just makes him feel what we're doing now is much better."

Sen. Daniel Patrick Moynihan (D-N.Y.) said yesterday that this does not justify Reagan's statements because those technical improvements were set in motion in previous administrations, especially during the Carter years.

Moynihan, who is vice chairman of the Senate Select Committee on Intelligence, and several other intelligence experts yesterday questioned whether there have been improvements in intelligence gathered by humans. Senior Reagan administration officials still complain privately that that kind of intelligence is still not very good.

Noting that the president's comments about the purported intelligence failure were in response to a question about last week's terrorist bombing of the U.S. Em-

bassy annex in Beirut, Moynihan said, "Getting inside a terrorist group is the hardest thing this government can do. It can take years and years."

As further indication that the intelligence question is becoming a political issue, Moynihan and Sen. Barry Goldwater (R-Ariz.), chairman of the intelligence committee, yesterday introduced legislation that would require that future CIA directors and deputy directors be chosen from among career civilian or military intelligence personnel.

The legislation would prevent political appointments such as those of Bush and Casey, who was Reagan's 1980 presidential campaign chairman. Both Goldwater and Moynihan said their proposal would not apply to Casey, who has been told by Reagan that he is welcome to stay as CIA director if the president is reelected.

Goldwater said in an interview two weeks ago that even though he supports Casey and believes he is doing a good job, he does not feel that someone from the political ranks should fill the post in the future.

Last spring, Goldwater became upset with Casey when he felt that Casey was not keeping the Senate intelligence committee sufficiently informed about CIA support for the mining of some Nicaraguan harbors. In an April 9 letter, Goldwater told Casey, "It gets down to one, little, simple phrase: I am pissed off!"

Two weeks ago, Goldwater said Casey is "a goddamned lovable old bastard who is shrewd and has been fantastically successful" in rebuilding the agency. Goldwater said he blames the CIA's problems more on the congressional investigations of the agency in 1975-76 than on any other single factor, including the Carter administration.

Moynihan said in an interview yesterday that after eight years on the committee, he and Goldwater "feel there is no place for partisan politics in the intelligence community . . . and the legislation is our statement and judgment of the case."

On Reagan's comments about an alleged intelligence failure in the previous administration, one current intelligence official said, "It's really a bum rap that Turner did something that hurt the agency this way." CIA personnel figures during Turner's tenure show that 820 positions were eliminated from the operations branch over two years; 17 were fired, another 154 were asked to retire one or two years early, and 649 positions were lost because of attrition.

"This was exactly the kind of getting the bureaucrats to throw their briefcases in the Potomac that Ronald Reagan advocates," the official said. Several other officials said that the Vietnam war buildup had created a bloated bureaucracy at CIA headquarters and that agents and CIA personnel abroad were being overmanaged.

Continued

CIA CASEY
BEVERLY HILLS, CA

STAT

CIA Director William Casey said legislation requiring future agency heads to be career intelligence officers would needlessly tie the president's hands.

Casey, who was chairman of the Securities and Exchange Commission in the Nixon administration and President Reagan's campaign manager before being appointed to head the CIA in 1981, said the president has the right to appoint whomever he wants.

"I don't think you tie the president's hands like that," Casey told the Los Angeles World Affairs Council Thursday night. "He has the right and prerogative to appoint whoever he thinks will do the best job."

The bill was introduced in the Senate Thursday.

Casey also ducked a question about the growing controversy over a suggestion by President Reagan that previous administrations' reductions in American intelligence capability left the country's diplomats vulnerable to recent suicide attacks by terrorists.

"As the director of Central Intelligence I try to do everything I can to stay out of controversy," Casey said. "I'm going to pass on that one."

Casey's speech, entitled "The Role of Intelligence in Foreign Policy," focused on the Soviet Union.

He said even if the current "aging" Soviet leadership is replaced by younger leaders, he is not optimistic about a thaw in relations.

"The need to maintain control doesn't give them many options," he said of the Russian leaders. "I don't have any great hope that (improved relations) will happen."

President's CIA views draw fire

Carter, Mondale call remarks 'false'

From Staff and Wire Reports

WASHINGTON — President Reagan, in the wake of his suggestion Wednesday that U.S. intelligence capability was nearly destroyed before he took office, drew sharp criticism yesterday from Walter F. Mondale, former President Jimmy Carter and former directors of the CIA.

Mr. Reagan, meanwhile, said the remarks about the CIA that he made at a campaign stop in Bowling Green, Ohio, had been "distorted" by the press. White House spokesman Larry Speakes said Mr. Reagan had not meant to blame the Carter administration for the lack of warning about last week's bombing of the U.S. Embassy annex in Beirut, but rather to put the responsibility on a decade-long "climate in Congress that resulted in inadequate funding and support for intelligence-gathering capabilities" during both the Ford and Carter administrations.

The controversy was touched off when Mr. Reagan, in response to a question about security at U.S. embassies, talked of the need for improved intelligence to guard against attacks. He cited the "near destruction of our intelligence capability in recent years — before we came here" and added that "we're trying to rebuild our intelligence to where you'll find out and know in advance what the target might be and be prepared for it."

Asked Wednesday whether Mr. Reagan was referring to cutbacks in intelligence staffing under President Carter, a White House spokesman said, "I'll let you draw your own conclusions, but you wouldn't be wrong."

At a press conference in New York yesterday, Mr. Mondale launched a blistering attack on Mr. Reagan's handling of U.S. security in Lebanon. In response to reporters'

questions, he said the president must admit responsibility for "inexcusable" lapses in security for U.S. personnel in Lebanon that permitted the bombing at the embassy annex.

The Democratic candidate also said the president had undermined the security interests of the United States by saying, as Mr. Reagan did Wednesday, that the U.S. intelligence capability was weak.

"In saying the CIA is weak, he encourages the same terrorists and our enemies around the world to believe that we don't have an effective intelligence capacity, when we do," Mr. Mondale said.

"That's dead wrong," he said of the president's charge that the Carter-Mondale administration had left U.S. intelligence agencies "near destruction."

"This is 1984 — not 1980," Mr. Mondale added, "and he's responsible for that government."

Earlier yesterday, Mr. Carter issued a statement from his Atlanta office calling Mr. Reagan's statement false and "personally insulting."

The former president said he had "listened with disappointment and anger" for 3½ years "to a stream of false assertions made by President Reagan in his attempt to blame his every mistake and failure on me and others who served before him in the White House."

He said he had not responded "to these many innuendoes and deliberate misstatements of fact" out of respect to the office of the president.

But he said Mr. Reagan's claim Wednesday, in Mr. Carter's words, "that his predecessors are responsible for the repeated terrorist bombings of Americans is personally insulting and too gross in its implications to ignore."

"He only has to question his own administration officials to determine that his statement was also completely false," Mr. Carter said.

"This series of tragedies in the Middle East has been brought about by the president's own deeply flawed policy and inadequate security precautions in the face of proven danger."

He also said Mr. Reagan's "frivolous reference to tardy kitchen repairs" in explaining why increased security measures at the embassy annex were not completed before last week "is indicative of his refusal to face the reality of his own responsibility."

Mr. Carter's reference was to Mr. Reagan's statement Sunday in New York comparing work being done to improve security at the embassy annex to home remodeling. "About 75 percent of all the work that had to be done had been completed," the president said. "Anyone who ever had the kitchen done over knows it never gets done as soon as you wish it would."

Mr. Carter said Mr. Reagan "should apologize for these misleading statements to the American people, and particularly to the many suffering families of those who have made the ultimate sacrifice of their lives in Lebanon."

More broadly, several former high intelligence officials said the cutback in overseas intelligence agents began in 1967, long before the Carter administration. It was carried out, they said, under Presidents Johnson, Nixon, Ford and Carter and by 1978, the Carter White House had reversed the trend and was pushing for increases in intelligence funds.

Moreover, several officials said that there had been no intelligence failure before the Beirut bombing because warnings from terrorist groups about such an attack had been made public.

Stansfield Turner, CIA director under President Carter, said that Mr. Reagan's remarks were "some of the most undignified, unworthy comments from a president I've ever seen. It's unfair for any president 3½ years into office to try to cast blame on his predecessor. He's had plenty of time to do whatever he wants to do with the intelligence apparatus."

Mr. Turner said the CIA budget, which is classified, doubled during the Carter administration, and he charged that Mr. Reagan was "desperately trying to justify his failures in the midst of an election campaign."

Mr. Turner said he eliminated 820 positions at the CIA in 1977 in response to recommendations made by agency professionals during the Ford administration. He said that the cuts were made only at agency headquarters in the context of reducing staffing levels that had been bloated during the Vietnam War and that they affected "bureaucratic overhead in Washington" and not "intelligence operations overseas."

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WALL STREET JOURNAL
28 September 1984

Washington Wire

**A Special Weekly Report From
The Wall Street Journal's
Capital Bureau**

ARM-TWISTING by CIA Director Casey probably won't rescue CIA General Counsel Stanley Sporkin's nomination to be a federal judge. The Senate Judiciary Committee extends a long probe of his background. Some senators question his lack of trial experience, his activism as SEC enforcement chief. Others view him as insufficiently conservative.

ARTICLE APPEARED 3
ON PAGE 4A

USA TODAY
28 September 1984

STAT

WASHINGTON

■ The chairman and vice chairman of the Senate Intelligence Committee introduced a bill requiring future directors and deputy directors of the CIA to be career intelligence officers. The current director, William Casey, was chairman of the Securities and Exchange Commission in the Nixon administration and was President Reagan's campaign manager before being appointed to head the CIA in 1981. The mission of the CIA "is best carried out by professional intelligence officers," said Sen. Daniel Moynihan, D-N.Y., who introduced the bill along with committee Chairman Barry Goldwater, R-Ariz.

ARTICLE APPEARED
ON PAGE A-4

WASHINGTON TIMES
28 September 1984

STAT

Carter angry at 'insult' White House aides claim Reagan remarks distort

By Thomas D. Brandt
THE WASHINGTON TIMES

Congressional Democrats have characterized as "unfair and untrue" President Reagan's suggestion that the recent bomb attack on the U.S. Embassy in Beirut was due to Carter administration policies, while the White House said the president's remarks had been distorted.

The chairman of the House Intelligence Committee and the vice chairman of the Senate intelligence panel, both Democrats, yesterday said that the CIA's post-Vietnam budget decline had actually been reversed by Mr. Carter and anti-terrorism intelligence "received higher and higher priorities."

Mr. Carter, in a rare reaction to a comment by Mr. Reagan, said the president's claim "that his predecessors are responsible for the repeated terrorist bombings of Americans is personally insulting and too gross in its implications to ignore."

In the statement released by his office in Atlanta, Mr. Carter said a series of terrorist bombings directed at Americans in Lebanon "has been brought about by the president's own deeply flawed policy and inadequate security precautions in the face of proven danger."

The president's press spokesman, Larry Speakes, said Mr. Reagan did not mean to blame the Carter administration but a decade-long "climate in Congress that resulted in inadequate funding and support for intelligence-gathering capabilities" during both the Ford and Carter administrations.

"Specifically, human intelligence capabilities had been weakened considerably in that decade [the 1970s], partly because of lack of support, partly because of the confidence and trust abroad," Mr. Speakes told reporters in an exhaustive question-and-answer session about Mr. Reagan's remark.

The controversy was triggered Wednesday when Mr. Reagan, replying to a question at Bowling Green University in Ohio about whether embassy security around the world would have to be beefed up after last week's bombing, said:

"The real protection and where we're feeling the effects today of the near destruction of our intelligence capability in recent years — before we came here — the effort to somehow to say, well, spying is somehow dis-

honest and let's get rid of our intelligence agents, and we did that to a large extent."

He added, "We're trying to rebuild our intelligence to where you'll find out and know in advance what the target might be and be prepared for it."

Yesterday, posing for pictures in the Rose Garden with President Fernando Belaunde Terry of Peru, Mr. Reagan told reporters:

"I will answer your questions about the way you have distorted my remarks about the CIA." But he returned to his office without answering any questions or explaining what he meant.

Some White House aides traveling with Mr. Reagan on Wednesday told reporters the president meant to refer to the Carter administration. But the aides spoke off the record, and Mr. Speakes said yesterday that no one was authorized to say that.

Rep. Edward Boland, D-Mass., chairman of the House intelligence panel, outlined the bolstering of intelligence functions approved by Congress during the Carter and Reagan years and said "shortcomings on terrorism . . . are shortcomings of this administration, which has had four years to solve any problems."

"What happened during the Carter and Reagan years is that new requirements — for economic intelligence, drug trafficking intelligence, terrorist intelligence, third world military intelligence, etcetera — were added. As a result, new personnel and larger budgets were requested. . . . Congress by and large supported these requests."

Vice President George Bush, during a campaign appearance in Saginaw, Mich., yesterday said that while he believes intelligence-gathering capabilities have been damaged over the years, he would not blame the Beirut bombings on the Carter-Mondale administration.

Mr. Bush, a former director of the CIA, told reporters he believes the president was referring to budget cuts and congressional hearings that "blew the cover" of some foreign sources.

"It's difficult to build up sources if they believe their cover is going to be blown in public," Mr. Bush said. But he added that the U.S. has the best intelligence system in the world and that it is virtually impossible to defend against fanatic terrorists.

Sen. Patrick Moynihan, D-N.Y., vice chairman of the Senate intelligence panel, said the president's statement "betrays . . . almost a decade of sustained bipartisan efforts in the Congress to reconstruct an intelligence community whose budgets had run down steadily through the first half of the 1970s [during the Vietnam wind-down] and began to rise sharply in the second half."

Sen. Barry Goldwater, R-Ariz., chairman of the panel, had no comment on the issue, but he did join yesterday with Mr. Moynihan in introducing legislation requiring that the director and deputy director of the CIA be career intelligence officers from the military or civilian sectors and not political appointees.

Mr. Moynihan said the positions are of such critical importance to the nation that the people who fill them should come from professional rather than political ranks so "that their judgments reflect an independent evaluation of the facts and proposed courses of action."

Mr. Moynihan also released a copy of a March 8 letter from CIA director William J. Casey that said:

"All of us know that the increase in the personnel and budgetary strength of the agency began in 1979, that it was planned and proposed earlier . . ."

Sen. Patrick Leahy, D-Vt., another member of the Senate Intelligence Committee, said on the CBS "Morning News" yesterday that Mr. Reagan's charge is "an outrageous distortion of the facts."

"The biggest initial increase in the intelligence budget came during the Carter years," Mr. Leahy said. "The Reagan budget is basically a continuation of what President Carter started, so . . . it's hard to tell any difference between the two. They've both had bipartisan support."

According to preliminary State Department findings on last week's bombing of the U.S. Embassy in Beirut, the principle weakness at the facility was that the terrorists struck before all security measures had been completed.

President Reagan received the initial report yesterday from Ambassador Robert Oakley, director of the State Department's office to combat terrorism.

According to a White House spokesman, Mr. Oakley told the president that moving the embassy operations to new quarters in the east Beirut annex "was safer" than retaining the entire staff in west Beirut.

PHILADELPHIA INQUIRER
28 September 1984

Reagan remark on Carter CIA draws fiery response

STAT

By Charles Green
Inquirer-Washington Bureau Staff

WASHINGTON — President Reagan was sharply criticized yesterday by former President Jimmy Carter, Walter F. Mondale, a former CIA director and Democratic members of Congress for appearing to shift the blame for last week's bombing of the U.S. Embassy in Beirut to the intelligence policies of the Carter administration.

Reagan, meanwhile, said that his remarks Wednesday at a campaign stop in Bowling Green, Ohio, had been "distorted" by the press. White House spokesman Larry Speakes said Reagan had not blamed the Carter administration for the lack of warning about the suicide bombing.

The controversy was touched off when Reagan, in response to a question about security at U.S. embassies, talked of the need for improved intelligence to guard against attacks. He cited the "near destruction of our intelligence capability in recent years — before we came here," and added that "we're trying to rebuild our intelligence to where you'll find out and know in advance what the target might be and be prepared for it."

Carter issued a statement out of his Atlanta office calling Reagan's statement false and "personally insulting."

Mondale, the Democratic presidential nominee, termed Reagan's remarks "inexcusable" and said the President "should stand up and say he is responsible."

"By saying the CIA is weak, he encourages terrorists and our enemies around the world to believe that we don't have an effective intelligence capacity when we do," said Mondale.

Stanisfield Turner, CIA director un-

der Carter, said Reagan's remarks were "some of the most undignified, unworthy comments from a president I've ever seen. It's unfair for any president three and a half years into office to try to cast blame on his predecessor. He's had plenty of time to do whatever he wants to do with the intelligence apparatus."

Turner said that the CIA budget, which is classified, doubled during the Carter administration, and he charged that Reagan was "desperately trying to justify his failures in the midst of an election campaign."

House Intelligence Committee Chairman Edward P. Boland (D., Mass.) issued a statement characterizing Reagan's remarks as "unfair and untrue" and said intelligence gathering about terrorist activities received "higher and higher priorities" throughout the Carter years.

Reagan made a brief reference to the politically sensitive dispute yesterday at a picture-taking session in the White House Rose Garden. He said, "I will answer your questions about the way you have distorted my remarks about the CIA," but he did not elaborate.

Later, Speakes told reporters that Reagan's remark Wednesday was intended to emphasize the need for more "human intelligence" capabilities, as opposed to electronic intelligence gathering.

Speakes said Reagan was "talking about human intelligence-gathering capability, not dollars, but the emphasis of where the dollars that are in the CIA are put."

The White House explanations came after Sen. Daniel Patrick Moynihan (D., N.Y.) had released a March 8 letter from CIA Director William J. Casey in which Casey said that a beefing up of the CIA took

place during the last two years of the Carter administration. Carter was president between January 1977 and January 1981.

"All of us know that the increase in the personnel and budgetary strength of the agency began in 1979, that it was planned and proposed earlier, and that it cannot be completed without strong bipartisan support," Casey wrote. "I fully share your conviction that the vital functioning of this agency cannot be risked or impaired through any use of CIA for partisan political purposes."

Casey's letter to Moynihan, vice chairman of the Senate Intelligence Committee, was in response to Moynihan's criticism of a statement by Speakes last December that the CIA had been "crippled" during the Carter administration.

Part of the latest controversy concerning Reagan's remark revolves around personnel cuts made in 1977 during the first year of the Carter administration by Turner.

Turner said he eliminated 820 positions at the CIA then in response to recommendations made by agency professionals during the Ford administration. He said that the cuts were made in the context of reducing staffing levels that had been bloated during the Vietnam War and that they affected "bureaucratic overhead in Washington" and not "intelligence operations overseas."

The staff reductions — coming shortly after the CIA had been under attack in Congress for drug experimentation and other highly publicized incidents — were known to cause morale problems at the agency among longtime personnel who also complained of Turner's abrasive style.

27 September 1984

U.S. MIDEAST
BY W. DALE NELSON
WASHINGTON

As Congress moves to approve anti-terrorism money and laws proposed by the Reagan administration, Democrats are charging that President Reagan shamed his office by blaming the Beirut bombing on neglect of the CIA by former President Carter.

STAT

At the White House today, Reagan said the media distorted his remarks. And, Vice President George Bush, at a campaign stop today in Saginaw, Mich., said Reagan was not trying to imply that the Carter administration was responsible for the bombing.

Reagan, in response to a question about the need for increased security in the wake of the bombing, referred in Bowling Green, Ohio, Wednesday to "the effects today of the near destruction of our intelligence capability in recent years _ before we came here."

At about the time Reagan spoke, the Democrat-dominated House Foreign Affairs and House Judiciary committees were recommending swift congressional approval of his request for \$366 million to improve embassy security, plus a trio of anti-terrorist laws.

When word of Reagan's remarks reached Washington, however, Democrats in the Senate reacted in terms of outrage.

Sen. Daniel Patrick Moynihan, D-N.Y., saying that he spoke "through clenched teeth," told the Senate, "I believe an apology is in order. If none is forthcoming, a motion of censure is in order."

Moynihan, vice chairman of the Senate Intelligence Committee, said that intelligence budgets, after declining steadily for a number of years, had increased each year since Carter submitted his first full budget in January 1979.

CIA budgets are classified, but Moynihan said upward or downward trends in intelligence spending may be made public.

Sen. Patrick Leahy, D-Vt., a member of the Intelligence Committee, called Reagan's comment "outrageous and beneath the dignity of the office of president of the United States."

"It is a slur on our intelligence officers and a slur on those who died," Leahy said. "I can't think of any time in the 10 years I have been in the Senate when I have been so angry as I am now. How dare he try to escape his responsibilities? If he does not immediately retract his statement, we should rise up and say, 'For shame, Mr. President, for shame, you shame your office.'"

Reagan, posing for pictures in the Rose Garden today with President Fernando Belaunde Terry of Peru, told reporters questioning him as he returned to his office: "I will answer your questions about the way you have distorted my remarks about the CIA."

Continued

LEBANON/U.S.
EMBASSY ATTACK

RATHER: Over the past 24 hours, President and candidate Reagan made an effort to shift blame for lax security in the U.S. Embassy attack in Beirut. He blamed his predecessors in office, apparently trying to switch responsibility on to Jimmy Carter. White House spokesman Larry Speakes denies that. Other reactions have been swift and many. David Martin reports.

MARTIN: President Reagan today was busily backing away from his attempt to blame the latest terrorist bombing in Beirut on cuts made in intelligence operations by previous administrations. PRESIDENT\RONALD\REAGAN: I will answer your questions about the way you have distorted my remarks about the CIA.

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MARTIN: The president didn't have anything to say later, but here's what he said yesterday to a student audience.
REAGAN: We're feeling the effects today of the near destruction of our intelligence capability in recent years.

MARTIN: Although President Reagan didn't mention Jimmy Carter by name, the former president took offense.
JIMMY\CARTER: It's personally insulting and too gross in its implications to ignore.

MARTIN: Even Vice President Bush agreed that the Carter administration can't be blamed for what happened in Beirut. VICE\PRESIDENT\GEORGE\BUSH: I don't think anyone can say that. But I do believe that there were cuts made in the intelligence business that, ah, were inappropriate.

MARTIN: Bush should know. He headed the CIA during the Ford administration when, according to two former intelligence officials interviewed by CBS News, the agency's budget reached its low point, the result of cutbacks following the pullout from Southeast Asia. But classified documents show it was Jimmy Carter and his CIA director, Stansfield Turner, who increased the budget.
SEN.\DANIEL\MOYNIHAN (Select Intelligence Committee): And they rose under Mr. Carter in each of his budgets, and they have risen under Mr. Reagan in each of his budgets.

MARTIN: Despite the budget increases, Turner is remembered as the man who eliminated 800 jobs from the CIA's operations branch. Turner insists those cuts did not hurt. STANSFIELD\TURNER (former CIA director): The Carter administration did not reduce one intelligence operative overseas. We did cut back on some of the bureaucratic fat in Washington.

Continued

WASHINGTON TIMES
27 September 1984

STAT

Hugel pushed hard for success

Max Hugel is a self-made man.

And the making of a self-made man, according to the self-made Max Hugel, takes more than desire, energy and ingenuity alone.

It takes a little deceit, too.

He said so in a book that wasn't published in 1974. His ghost-written autobiography it was, and he thought he'd call it "The Making of a President — Brooklyn Style."

Mr. Hugel was a president then — president of Brother International, an international distributor of Japanese-made sewing machines and typewriters. The book was to have been a public relations coup of some sort, but the project was scuttled before publication.

But it was Mr. Hugel's get-ahead qualities outlined in the book which impressed self-made William Casey, newly appointed CIA director in 1981, to name him to the post of director for operations at the spy agency.

Considered an outrage by intelligence community insiders, and clearly a surprise to administration politicians,

the move capped a career replete with unlikely successes.

Born in Brooklyn a few months after his father's death in 1925, Mr. Hugel spent much of his childhood in an orphanage.

By the time he reached his 18th birthday, World War II and the draft were his only career prospects. But Mr. Hugel, at 5-feet 5-inches, felt uneasy about his prospects for battlefield survival and told the Army he had a skill it couldn't afford to send into combat: he said he spoke fluent Japanese.

When the Army discovered the lie, it responded by sending Mr. Hugel to

school where he learned the language, and won a lieutenant's commission in the process. He was stationed in Japan with U.S. occupation forces.

After his discharge in 1947, he returned to Japan with a business partner and 30 pre-war American taxicabs. A year later, he said, the taxis — rusted through and worthless — were sold sight unseen to a Japanese businessman for almost twice their former value, and Mr. Hugel's career took off.

Mr. Hugel returned to the United States after signing marketing contracts with a Japanese sewing machine manufacturer in 1949 and, after attending school at nights, graduated from the University of Michigan in 1953.

Brother International marketed the sewing machines and typewriters, and later computer printers, in the Americas and Europe.

A multimillionaire when he left Brother International, Mr. Hugel worked for Ronald Reagan's presidential campaign in 1980.

He resigned from the CIA post within hours of publication of a story in The

Washington Post July 14, 1981, that alleged he had engaged in improper transactions with a New York stock brokerage firm to boost the value of Brother International stock.



Max Hugel

Reagan faults past CIA cuts in bomb blast

By Ernest B. Furgurson
Chief of The Sun's Washington Bureau

MILWAUKEE — Campaigning in the Midwest, President Reagan yesterday laid blame for last week's bombing of the U.S. Embassy in Lebanon on the "near destruction" of American spying capacity before he came to office.

He told students at Bowling Green State University in Ohio that "we're feeling the effects today of the near destruction of our intelligence capability... before we came here — the effort somehow to say, well, spying is dishonest and let's get rid of our intelligence agents."

"We're trying to rebuild our intelligence to where you'll find out and know in advance what the target might be and be prepared for it."

Asked whether the president was referring to cutbacks in intelligence staffing under President Jimmy Carter, a White House spokesman said "I'll let you draw your own conclusions, but you wouldn't be wrong."

Mr. Reagan appeared to be pointing the finger of blame at the Carter administration, during which Adm. Stansfield Turner, director of the Central Intelligence Agency, cut hundreds of clandestine operatives from the agency's payroll in favor of increased technical spying.

Democrats in Congress reacted angrily yesterday, arguing that the president should himself accept the responsibility for the security failure.

Mr. Reagan spoke to more than 3,000 cheering students at the university before flying to Canton, Ohio, to inspect a new high-technology steel mill being built in a region where many thousands of jobs have been lost in the steel industry. Later, he came to Milwaukee to address an ethnic Oktoberfest gathering before returning to Washington.

At what was billed as a foreign policy forum but organized into a high-decibel pep rally, Mr. Reagan told the Ohio students that the United States must "be patient when provoked," but "we must be equally clear that past a certain point our adversaries push us at their peril."

"Uncle Sam is a friendly old man, but he has a spine of steel," he declared.

The president's response in a question-and-answer session with students was the first time he had implied that any part of the fault for the latest embassy bombing lay with the Democrats. Last fall after the second of the three major anti-U.S. bombing incidents in Lebanon, he said that he accepted responsibility.

There was a dispute then over whether U.S. forces had received intelligence warnings about possible bombing of the Marine barracks at the Beirut airport.

Mr. Reagan concluded his remarks on the latest Lebanon incident by saying the alternative to taking such risks was to close down American installations abroad and "give the terrorists a victory we're not going to give them."

In Washington, Senator Patrick J. Leahy (D, Vt.), a member of the Intelligence Committee, said, "How dare he try to escape his responsibilities? If he does not immediately retract his statement, we should rise up and say, 'For shame, Mr. President, for shame. You shame your office,'" according to the Associated Press.

Similar anger was expressed by Senator Daniel Patrick Moynihan (D, N.Y.), who is vice chairman of the committee, and Senate Minority Leader Robert C. Byrd (D, W.Va.).

Demanding an apology, Mr. Moynihan said President Carter had asked for and received increases in the CIA budget each year. The New York Democrat also released a letter to him from CIA Director William J. Casey, a Reagan appointee, in which Mr. Casey said that "the increase in personnel and budgetary

Mr. Byrd asked of President Reagan, "Where's he been for the last four years?" The senator said, "It's one thing to be able to stage-manage walking away from these disasters, but it's another thing to try and leave the impression that they didn't even happen on your watch."

At the Timken Company's new Faircrest computerized steel mill at Canton, Mr. Reagan spoke against "those who call for protectionism and quotas, which are short-sighted and temporary at best."

"A blunderbuss approach of quotas and trade barriers" to protect U.S. industry is "a giant step back into the misery of a failed past," he said.

Many of the construction workers who crowded in front of the president at the steel mill wore Mondale-Ferraro stickers on their hard hats and were restrained in their applause for Mr. Reagan's remarks. But all responded when he declared that "given the tools and equipment, we Americans can out-produce, out-sell and out-compete the pants off anybody in the world."

At Bowling Green, the several thousand students who jammed a basketball field house were at the center of another controversy over whether Reagan rally organizers have unfairly kept Democratic supporters away.

Outside the hall, several hundred anti-Reagan spectators were kept back behind snow fences, and could neither be seen nor heard by those cheering inside. They chanted "Give peace a chance," and some complained that tickets to the "Presidential Forum on World Affairs" had been distributed by local Republican officials, through the fraternity and sorority houses.

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ESSAY | William Safire

Reagan's Desert One

WASHINGTON

If you were the commander of the Islamic Jihad, victor in Beirut three times over the incompetent American military, what would you do next?

First, from your sanctuary in the Syrian-occupied Bekaa Valley in Lebanon, you would request permission from Damascus to import another 3,000-pound truckload of explosives from Iran.

That permission would surely be given. Richard Murphy, the Reagan Administration official in charge of cluck-clucking when a U.S. Embassy is destroyed in Beirut, recently praised Syria for being "helpful" to America; because he is so ready to turn the other cheek, Damascus has a reason to let continue the loading of the Jihad's trucks with explosives.

Next, you would publicly state your intention to blast the Americans again soon, just as you did before the most recent bombing. This displays your contempt for American might, and it has never stimulated any special urgency in security countermeasures. Certainly such notice did not stop your suicide bomber from detonating his charge from within 10 yards of the embassy last week.

Finally, you would pick a politically suitable date and aim your truck bomb at the U.S. Ambassador's residence in the Beirut suburb of Yarze, or — if the Americans elect to reestablish their presence in West Beirut — at the embassy, whose easily penetrable defenses were exposed on CBS the other night.

Americans are coming to the realization that the Reagan response to these continued outrages will be even more pusillanimous than Jimmy Carter's protracted hand-wringing at the seizure of hostages in Teheran.

Every time the United States has been humiliated by the Syrian-Iranian-P.L.O. suicide squad, Mr. Reagan has posed before cameras to say we are not going to pull out under fire. And then he has left our front-line diplomats hostage to terrorists.

His Defense Secretary, Viscount Weinberger of Grenada, stripped our embassy of its 80 Marine guards a few months ago because he was afraid they might provoke trouble. The Pentagon argues that security of embassies is a matter for the "host country," and suggests we hire local mercenaries to protect American civilians. The State Department joins in with the alibi that "an embassy is not a fort."

But we have learned that not even our forts are forts. We have always known that Amin Gemayel's rickety regime was not an effective "host" and that what passes as a Lebanese

Government was not capable of defending our embassy from attack. The only way we can stop terrorists from driving us out of Lebanon is to stop them ourselves.

The President should stop nibbling his nails and make the tough choice. If his decision is to bug out, he should put the embassy on a ship offshore right away; if his decision is to stay, he is duty-bound to put in the power and the anti-tank traps to guarantee our citizens' safety.

That means Ronald Reagan, personally, should call in the Director of Central Intelligence and demand to know who murdered 260 American diplomats and marines in the last 18 months, and through whose checkpoints the explosives have passed. He needs to direct the Defense Secretary to make good on his promise to punish the murderers. And he must act now, today, to make certain that American diplomats in Beirut get the protection they should have been getting from the Government they serve.

All we have seen so far is impotence and incompetence, posture posing as policy. Can you imagine what Ronald Reagan would have said about weakness and lack of leadership if Jimmy Carter's C.I.A. were shrugging helplessly; if Jimmy Carter's Pentagon wanted to hide the Marine Corps and hire local gunmen to defend American honor; if Jimmy Carter had compared fatal military construction delays to the normal foot-dragging in fixing his kitchen?

The moment a truck-bomb threat was suspected at the White House, trucks loaded with sand blocked all the entrances until concrete barriers were put in place on Pennsylvania Avenue and the side streets. No tragic delays, no Weinberger defeatism about helicopters appearing if trucks were stopped.

If the President can protect the White House so quickly and effectively, he can order the airlift of similar protection of the place the American flag flies in Beirut. Mr. Reagan should stop wallowing in his victimization; if he does not have the means or guts to defend our embassy, he should have the good grace to close it down.

STAT

ARTICLE APPEARED
ON PAGE A-3WASHINGTON POST
27 September 1984

FILE

STAT

Questions Spark Partial Turnabout**Bush to Release 'Essential'
Tax Information**By Juan Williams
Washington Post Staff Writer

INDIANAPOLIS, Sept. 26—Vice President Bush, after appearing harassed by questions about why he has not made his income-tax returns public, said tonight that he will release "essential information" on taxes paid during his three years in the Reagan administration.

In a statement, Bush said his lawyer received a "preliminary indication" today from the Office of Government Ethics that he can disclose tax information covering his years as vice president without destroying the blind financial trust he established to avoid conflict-of-interest charges.

Peter Teeley, Bush's press secretary, said that he could not say what material would be released and that he did not know whether Bush's complete tax returns will be made available.

Teeley said he does not anticipate making the information public until next week.

In the statement, Bush said: "This morning I asked my attorney, Dean Burch, to contact the Office of Government Ethics to determine if there is any method by which my tax returns could be divulged without violating the integrity of my blind trust

"In keeping with my longstanding personal practice of full financial disclosure which goes beyond the spirit and the letter of any law, I will release the essential information of my 1981, 1982 and 1983 tax returns."

According to the statement, ethics office director David H. Martin gave Burch a "preliminary indication" that Bush can release information on his taxes while maintaining the "purpose of the trust."

The trust was arranged to avoid

having the vice president know how policies he advocates affect his financial holdings.

Bush said he made the tax-information decision to end continual questions about why he is the only one of the four major-party candidates for president and vice president who has not made public such material.

"I want to just end the questions," Bush said. "I thought I had gone the extra mile to protect the public interest" by entering a blind trust where he does not see or sign his tax forms.

"So to lay it to rest, if there is a way and still keep the public trust, that's what's being explored now," he said.

Until Tuesday, Bush, who made more than \$1 million in 1966 when he sold his founding interest in a Texas oil company, had claimed that provisions of his trust prohibited him from releasing tax information.

Martin told reporters after meeting with Burch that they discussed the possibility of amending Bush's trust to allow for release of tax forms.

"We discussed the options available to Mr. Bush," Martin said, "such as an amendment to the trust or a revocation of the trust. There are problems associated with each one of those."

Martin told reporters today that it might be possible to disclose the tax information without disclosing Bush's specific holdings. Another option would be to dissolve the current trust and create another.

Burch was unavailable for comment.

Bush released a statement last month showing that he has a net worth of \$2.1 million. The value of the blind trust was put at \$879,381. His home in Kennebunkport,

Maine, was valued at \$950,000. His net worth has increased \$300,000 since he became vice president. The trust is managed by William S. Farish and Co. of Houston, which also prepares Bush's tax returns.

Last month, Democratic vice-presidential nominee Geraldine A. Ferraro and her husband, John A. Zaccaro, released their income tax returns and paid more than \$50,000 in back taxes and interest.

President Reagan has a blind trust but releases his taxes annually.

Walter F. Mondale, the Democratic presidential nominee, has released his tax forms for the last 11 years, according to his press office.

Bush appeared irritated by repeated questions about his finances and asked to be "treated fairly." He complained that he released eight years of tax forms before establishing the blind trust and recalled that CIA Director William J. Casey had been chided for not putting his holdings into a blind trust.

Bush stressed that he neither signs his tax forms nor controls where his taxes are paid under the terms of the trust.

"I'm prohibited to make inquiries about it," he said.

Teeley said Bush spoke to Burch this morning and told Burch to try to have the files opened.

"I had a good talk with Dean about it," Bush said. "And we'll see what happens. But something troubles me about breaking a trust. You know it's hard. I go to the most farthest extremes in a blind trust, one that is the blindest of all and everybody is saying 'Hey, how come you don't break that trust?'"

"I'll see what comes out of it in the next couple of days," he added, "because I don't need all of this."

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27 September 1984

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WORLD

USA TODAY'S SPECIAL REPORTS FROM ABROAD

Also ...

■ **SEATTLE:** CIA Director William Casey said that more than 250,000 rebels now are fighting Soviet troops or Soviet-backed regimes around the world.

Compiled by Paul Hoversten & Juan J. Walte

NEW YORK TIMES
27 September 1984

Previous Cutbacks in Intelligence Cited by President in Beirut Blast

By FRANCIS X. CLINES

Special to The New York Times

MILWAUKEE, Sept. 26 — President Reagan suggested today that "the near destruction of our intelligence capability" in the years preceding his Administration had resulted in the lack of warning of the explosion last week at the United States Embassy in Lebanon.

The President's remarks, in answer to a student's question at Bowling Green State University in Ohio, marked the first time he had implied that earlier Administrations were responsible for intelligence shortcomings in connection with the incident. Mr. Reagan's Democratic challenger, Walter F. Mondale, has criticized the President as not having better safeguards against terrorism in Lebanon.

Mr. Reagan described the difficulty of trying to anticipate terrorist activities. Before his Administration, he said, there was a belief that "well, spying is somehow dishonest and let's get rid of our intelligence agents, and we did that to a large extent."

"We're feeling the effects today," Mr. Reagan said.

Democrats Defend Carter

Senator Daniel Patrick Moynihan and other Democrats said the Carter Administration was not among those responsible. Mr. Moynihan, vice chairman of the Senate Select Committee on Intelligence, released a letter from the Director of Central Intelligence, William J. Casey, a Reagan appointee, in which Mr. Casey says, "The increase in personnel and budgetary strength of the agency began in 1979," under President Carter. Budget and personnel for intelligence activities were reduced under the Republican Administrations of the early 1970's.

Mr. Reagan offered his view after being asked by a student, Peggy Fitzpatrick, whether he would "have to beef up security" at embassies because of the Beirut bombing. He repeated past observations about the difficulty of stopping a suicidal terrorist, saying, "An embassy is not a bunker."

Then Mr. Reagan discussed intelligence as "the real protection, and where we're feeling the effects today of the near destruction of our intelligence capability in recent years."

"We're trying to rebuild our intelligence to where you'll find out and know in advance what the target might be

and be prepared for it," Mr. Reagan asserted. The Reagan Administration has raised the intelligence budget to more than twice what it was in 1979.

Intelligence specialists have said the task of tracking terrorism in Beirut was made much more difficult with the departure of Palestine Liberation Organization members, a major source of information on the city.

The President commented on the subject as he took his peace initiative to the voters, declaring: "We want it because peace in America is such an attractive way to live that a war is a terrible interruption."

Mr. Reagan smiled at his ironic manner of expression in providing this answer to another questioner at the university in a campaign appearance that he largely devoted to emphasizing his interest in peace.

Meeting With Gromyko

In the same format, Mr. Reagan stressed his hopes for success in meeting Friday with Andrei A. Gromyko, the Soviet Foreign Minister. However, he did not hesitate to doubt general Soviet intentions, saying that while the United States had no unfriendly designs, the Russians "really do have aggressive intent against us."

The campus appearance was one of the most exuberant of his campaign, with a cheering throng of more than 5,000 packed into the campus's Memorial Hall. Several hundred anti-Reagan demonstrators were kept outside the hall across from a larger crowd of pro-Reagan enthusiasts.

"U-S-A! U-S-A!" students inside the hall cheered as the President beamed. "Mondale-Ferraro! Mondale-Ferraro!" shouted demonstrators outside, barely audible. White House officials denied complaints that ticket distribution had been controlled to screen out anti-Reagan partisans.

"Hot Dogs, Apple Pie and Reagan," a sign in the hall proclaimed. Outside, a student protesting the President's plan for the MX missile carried a car-

capture of Mr. Reagan as an aging Mickey Mouse twirling six-guns.

Mr. Reagan offered a message that mixed the themes of peace and preparedness, telling the students: "Uncle Sam is a friendly old man, but he has a spine of steel." More cheers came from the students.

Repeating the Word 'Peace'

In remarks that included the word "peace" 20 times, Mr. Reagan introduced a nearly pastoral tone to his campaign oratory, describing himself as eminently patient in awaiting cooperation from the Soviet Union. "We hold on," he told the students. "We remain prepared for peace. We know that we have an absolute moral obligation to try and try again."

"There are no cheap solutions, no easy answers," he said of controlling nuclear weapons. "The only path to progress on this is the open door, the honest proposal, and such a path takes patience."

The Russians' initial reaction to Mr. Reagan's initiative has been negative, but he exuded optimism today. "Each day the world is reborn," he declared. "Possibilities that yesterday didn't exist emerge and startle us."

Reagan campaign officials have made it clear that they consider this week, with its White House visit by Mr. Gromyko, as pivotal in their attempt to blunt the Democrats' charges that Mr. Reagan has baited the Russians through most of his term and aggravated tensions. On Tuesday, Mr. Mondale directly challenged Mr. Reagan's sincerity in his new peace initiative, terming it a "deathbed conversion" timed for the election.

At a second stop, Mr. Reagan visited the new high technology Timken Company steel plant in Canton, Ohio, as Democrats accused him of ignoring past promises to help the older, depressed steel mills of Youngstown. Mr. Reagan finished the day at a politically promising ethnic beer festival, the Family Oktoberfest here at Old Heidelberg Park.

"You know, the people of Milwaukee are as well known for their love of good beer as the liberal Democrats are for their taxing and spending," Mr. Reagan declared. "The difference is you know when to stop."

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Democrats Assail Reagan on Bombing

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By WILLIAM E. FARRELL

Special to The New York Times

WASHINGTON, Sept. 26 — Senator Daniel Patrick Moynihan today challenged President Reagan's comment that the bombing of the United States Embassy in Lebanon was, in part, a result of a "near destruction" of American intelligence capability "before we came here."

Apparently assuming Mr. Reagan

was alluding to the Carter Administration, Mr. Moynihan, vice chairman of the Senate Select Committee on Intelligence, called the comment "false" and "reckless" in a Senate speech. The New York Democrat also released a letter to him from the Director of Central Intelligence, William J. Casey, a Reagan appointee, in which Mr. Casey says that "the increase in personnel and budgetary strength of the agency began in 1979," under President Carter.

Other Democrats in Congress were also quick to criticize Mr. Reagan's remarks today before students at Bowling Green State University in Ohio. The Senate minority leader, Robert C. Byrd of West Virginia, said Mr. Reagan's comments represented "the ultimate disappearing act."

Referring to the attack on the Embassy near East Beirut, Mr. Byrd said: "It's one thing to be able to stage-manage walking away from these disasters, but it's another thing to try and leave the impression that they didn't even happen on your watch."

Decline Stopped in 1978

Mr. Moynihan said the decline in funds for the American intelligence community stopped in the fiscal year 1978, the first full budget year of the Carter Administration. This process continued, he said, through four consecutive budgets prepared under Mr. Carter. Mr. Reagan, he said, "has utterly misrepresented the facts."

"The President has all but invited further terrorist attacks on American lives by telling the world we are unprepared to thwart such attacks," Mr. Moynihan said. "The statement undermines — I am prepared to say betrays — almost a decade of sustained bipartisan efforts in the Congress to reconstruct an intelligence community whose budgets had run down steadily through the first half of the 1970's and began to rise sharply in the second half." No precise amounts were mentioned, because intelligence budget figures are classified.

Remarks similar to Mr. Reagan's were made in December by the White House spokesman, Larry Speakes, after the attack on the Marine garrison in Beirut in which 241 Americans were killed.

Debate Over Partisanship

Mr. Moynihan responded to those remarks in a letter to Mr. Casey dated Feb. 2. In the letter, which Mr. Moynihan released today, he said: "Now you know and I know that this is not true. These sorts of denunciations pose a genuine danger to the bipartisan spirit of the Senate Select Committee on Intelligence."

In Mr. Casey's reply, dated March 8, which Mr. Moynihan also released today, the Director said he was "particularly pained" by published reports that the Central Intelligence Agency's "revival will be a partisan political theme in the re-election campaign."

"All of us know," Mr. Casey wrote, "that the increase in the personnel and budgetary strength of the agency began in 1979, that it was planned and proposed earlier and that it cannot be completed without strong bipartisan support. I fully share your conviction that the vital functioning of this agency cannot be risked or impaired through any use of C.I.A. for partisan political purposes. The protection of our national security, to which both this agency and your committee are so fully committed, is too important a mission to subject to the vagaries of the political process or the partisan purposes of either party."

"You have my assurance that I will not tolerate any attempt to politicize the agency or its work," he said, "or use the fact of its revitalization for partisan political purposes." Mr. Casey's letter concluded by saying that any partisan use of the C.I.A. would damage the rapport and trust that was necessary between the agency and the Senate intelligence committee.

In his Senate speech, Mr. Moynihan characterized Mr. Reagan's comments as "ghastly, grim, ghoulish, in the aftermath of another tragedy to blame it on the previous Administration."

STAT

Court Records on Africa Oil-Pipeline Plan Illustrate Washington's Connections Game

By EDWARD T. POUND

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Success here often depends on whom you know. For a lawyer involved with a controversial plan to build an oil pipeline in Africa, success meant dropping the name of Central Intelligence Director William J. Casey.

Beginning in 1981, Joseph H. Rosenbaum, an acquaintance of Mr. Casey, and Basil A. Tsakos, a Greek financier, lobbied Washington officials for support of Mr. Tsakos's plan to build a 2,700-mile pipeline from the Red Sea to the Atlantic Ocean. According to people familiar with the project, Mr. Rosenbaum used Mr. Casey's name to obtain money from Mr. Tsakos and to promote the project at the Defense Department. Last year, however, the pair had a falling-out and Mr. Tsakos sued Mr. Rosenbaum.

Court records from the suit show how a person with contacts in Washington can win lucrative lobbying assignments and obtain behind-the-scenes help from government officials for a project that, as yet, has no official backing. Mr. Rosenbaum and Mr. Tsakos eventually gained the support of several prominent Republicans and former government officials. Mr. Casey and the Pentagon say they didn't endorse the project.

The records show no illegalities, but the pipeline plan has sparked an investigation: Mr. Tsakos paid Sen. Mark Hatfield's wife, Antoinette, \$55,000 while the Oregon Republican was promoting the pipeline with U.S. officials. Mr. Hatfield says the payments were for his wife's real estate work, but he is now being investigated by the Justice Department. The staff of the Senate Committee on Ethics has recommended that the panel drop its investigation.

Meeting in 1981

In a deposition filed in federal court in Alexandria, Va., Mr. Rosenbaum says that Mr. Casey vouched for him during a 1981 meeting with Mr. Tsakos, saying that Mr. Tsakos should "just do what Joe tells you." Mr. Casey and Mr. Rosenbaum, 74 years old, have known each other since they served in the Office of Strategic Services, the World War II intelligence agency.

Mr. Tsakos says in a deposition filed in Alexandria that he joined up with Mr. Rosenbaum because he was "looking for someone in the U.S. who had contacts with the U.S. government," and that Mr. Rosenbaum had bragged about his connections. He says he paid Mr. Rosenbaum \$247,000 to promote

the multibillion-dollar project. Mr. Tsakos wanted U.S. help in getting transit rights for the pipeline in the Sudan, the Central African Republic and Cameroon.

Mr. Tsakos paid Mr. Rosenbaum \$100,000 around the time of the February 1981 meeting with Mr. Casey, according to two former, close associates of Mr. Tsakos. "Tsakos was impressed with Casey," says one. "From then on, Tsakos entrusted Rosenbaum for influence and help he needed for the project." The former associates say that Mr. Rosenbaum suggested to Mr. Tsakos that Mr. Casey or the CIA had invested, or intended to invest, in the project.

Mr. Rosenbaum declines to be interviewed. His attorneys, William Hundley and Larry Gondelman, say that Mr. Rosenbaum denies using Mr. Casey's name to obtain money from Mr. Tsakos and that he didn't suggest that Mr. Casey or the CIA had a financial stake in the project. Mr. Tsakos also declines to be interviewed. But his attorney, William Casselman, says his client has obtained the transit rights in Africa and still hopes to build the pipeline.

Mr. Casey says in an interview that he met twice with Mr. Rosenbaum but that he never endorsed the pipeline or vouched for Mr. Rosenbaum. He says he met with Mr. Rosenbaum and other promoters because of the possible strategic importance of such a pipeline but doesn't recall meeting Mr. Tsakos.

The CIA director says it appears that Mr. Rosenbaum "was using my name" to promote himself and the pipeline. He says that it is "totally unwarranted and totally false" to suggest that he or the CIA have a financial stake in the pipeline.

Mr. Casey says he probably has talked to

Mr. Rosenbaum only about six times in the past four decades. He describes their relationship as "cordial," but "very remote."

Nonetheless, Mr. Casey, formerly a lawyer in private practice, says he did refer a former client to Mr. Rosenbaum after the man expressed interest in the project. The ex-client, Albert E. Jolis, a former intelligence officer in the Office of Strategic Services, invested \$25,000 in a pipeline company set up by Mr. Rosenbaum, but later got his money back.

Mr. Casey says he also gave Mr. Rosenbaum the names of several people, including another former client, John M. Shaheen, when Mr. Rosenbaum came to his office seeking help. Mr. Shaheen, a New York oil entrepreneur and a former intelligence officer in the Office of Strategic Services, says that his aides studied the pipeline proposal and decided it was "a lousy project." He adds that Mr. Rosenbaum never mentioned Mr. Casey to him.

Name Dropping

But Mr. Rosenbaum was dropping Mr. Casey's name at the Defense Department. Noel Koch, a deputy assistant secretary of defense, says Mr. Rosenbaum approached the department for help and "indicated that he was an old friend of Bill Casey's." The Pentagon then called the CIA. Mr. Koch says, and was told by Mr. Casey that he hadn't endorsed the project.

Nonetheless, Defense Department officials assisted Mr. Rosenbaum and Mr. Tsakos because of the project's "profound strategic implications," says James Woods, director of the African division of international security affairs at the Pentagon. Mr. Woods says he met regularly with Mr. Rosenbaum and other supporters of the project. Mr. Woods says he introduced Mr. Rosenbaum and retired Army Lt. Gen. George M. Seignious II, who was also promoting the pipeline, to the Sudanese ambassador and discussed the project with the White House and the State Department.

Although the pipeline's backers repeatedly sought the Pentagon's approval, Mr. Woods says, "we never gave an endorsement."

Mr. Rosenbaum and Mr. Tsakos eventually won the support of several prominent Republicans and former government officials, according to court records filed in Virginia. They included Mr. Seignious, former director of the Arms Control and Dis-

Continued

CASEY
SEATTLE

STAT

More than 250,000 rebels now are fighting Soviet troops or Soviet-backed regimes around the world, CIA Director William Casey said Wednesday.

In a luncheon speech to the Rotary Club of Seattle, Casey said the 1980s have emerged as a decade in which guerrilla warfare is being turned against the Soviet Union and its allies.

Casey noted that in 1961, Soviet Premier Nikita Khrushchev predicted communism would eventually spread worldwide through such wars of 'national liberation.'

But in Afghanistan, Casey said, the occupying Soviet forces now find themselves 'in a hornet's nest and they know it.'

'They (the Russians) probably control one third of the countryside,' he said. 'That's about half of what they controlled at the outset.'

Casey said altogether, 'More than a quarter million people have taken up arms' in Afghanistan, Nicaragua and other countries against the Soviets or Soviet-supported forces.

Casey also insisted that opposition is growing to the leftist Sandinista regime in Nicaragua. Local experts estimate that only 35 to 40 percent of the population would support the Sandinistas in an open and fair election, he said.

The CIA director banned radio and television coverage of his speech and declined to answer questions from reporters, although he answered Rotary Club members' questions after his talk.

CASEY
SEATTLE

STAT

More than 250,000 rebels are now fighting Soviet troops or Soviet-backed regimes around the world, CIA director William J. Casey told a group of Seattle businessmen Wednesday.

In a luncheon speech to the Rotary Club of Seattle, Casey said the 1980s have emerged as a decade in which guerrilla warfare is being turned against the Soviet Union and its allies.

Putting the trend in historical perspective, Casey noted that in 1961 Soviet Premier Nikita Khrushchev predicted that communism would eventually spread worldwide through such guerrilla wars of "national liberation."

But in Afghanistan the occupying Soviet forces now find themselves "in a hornet's nest and they know it," said Casey.

"They (the Russians) probably control one-third of the country-side," he said. "That's about half of what they controlled at the outset."

Casey also insisted that indigenous opposition is growing to the communist Sandinista regime in Nicaragua. Local experts estimate that only 35 to 40 percent of the population would support the Sandinistas in an open and fair election, he said.

Casey made his comments in a general survey of the problems facing the American intelligence community.

Despite the problems in the Soviet Union, which apparently include an internal struggle over leadership, Casey said that country is still the primary concern of the U.S. intelligence establishment.

"The Soviet Union has been from the beginning and continues to be the focus of our attention," he said.

In his remarks, Casey also gave considerable attention to the problem of terrorism, which he described as "a new weapon that works to dissolve the difference between peace and war."

While pointing out that he isn't in a policy-making position in the administration, Casey said one of the keys to stopping terrorism is to retaliate in a way that makes it costly for governments that back the terrorist groups.

The CIA director banned radio and television coverage of his speech and declined to answer questions from the news media, although he answered Rotary Club members' questions from the floor after his talk.

SEATTLE TIMES (WA)
26 September 1984

STAT

Punish the terrorists, says CIA chief

by Peter Lewis
Times staff reporter

The United States must retaliate and make it "too expensive" for countries to use terrorism.

That was CIA Director William J. Casey's message yesterday to the Seattle Rotary Club.

Asked about possible U.S. plans to retaliate for last week's bombing of the U.S. embassy annex in Beirut, Casey said he knew of none.

"I do not make policy," the 71-year-old Casey told the Rotarians. Rather, he said, he keeps the policymakers informed.

"Intelligence," said Casey, "is our first line of defense."

His agency's mission is to identify danger, evaluate threats and prevent surprise.

The American intelligence community, Casey boasted, has more scholars, scientists and engineers than any university faculty, and probably possesses the largest computer installation in the world.

He acknowledged later, that intelligence failed to warn of last week's attack which killed at least 12 people, including two Americans. The bombing

followed an embassy bombing and the destruction of American military headquarters last year.

"We were caught again," said Casey. "We knew there were threats out there . . . Rarely do we find out until it's too late, when and where."

In offering the Rotarians a quick overview of American intelligence and what it worries about these days, Casey talked mostly about Russia.

But the Soviet Union has growing domestic and foreign-affairs problems of its own, the New York native said.

In recent years, Casey said, Russia has been led by three sick and dying men, and there now appears to be another struggle for succession.

While it continues to hurl insults at America, Russia is plagued by a faltering economy, growing social disintegration, rising alcoholism among its youth, deteriorating health care and increased crime and corruption, Casey said.

Even so, Russia continues to expand a large arsenal of nuclear weapons against the United States. Casey warned that recent intelligence indicates the Soviets may have deployed missiles beyond a 1972 treaty limiting them, which "could tip the strategic balance against us."

Recalling something Khrushchev said in 1961, Casey said Russia's main threat may not be a direct attack against the United States or NATO countries, but rather Soviet-backed

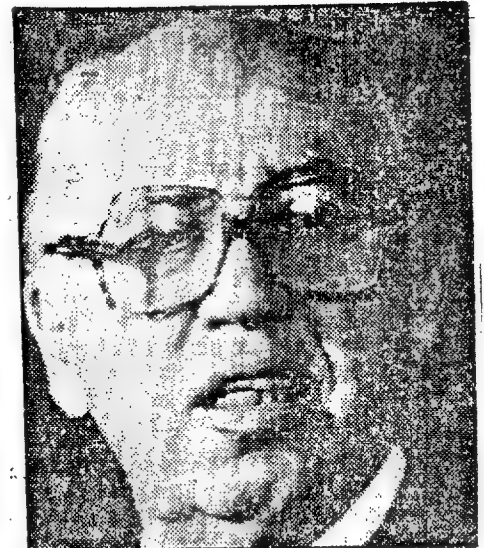
"wars of national liberation" in Africa, Asia and Latin America.

Perhaps most menacing of all, Casey said, is Russian support of "revolutionary movements in our own backyard," referring specifically to the Caribbean and Central America, with Nicaragua serving as "the continental spearhead of that drive."

On the positive side, Casey said, there are currently about 250,000 guerrillas around the world who are resisting various Communist regimes.

Also, in the last year or so, the Russian counterpart to the CIA, the KGB, took the worst shellacking in its history when about 100 Soviet intelligence agents were expelled from 20 countries. Most of the Russian agents were expelled when it was discovered they were trying to steal Western technology, Casey said.

It is imperative, Casey said, for the United States to come up with a sustained foreign policy that transcends inevitable political change in a democracy. Without such a policy, Casey said, America will have a tough time "withstanding the relentless pressure" the Soviets are putting on Third World countries.



William J. Casey
Heads CIA

ARTICLE APPEARED
ON PAGE A-2WASHINGTON TIMES
26 September 1984

STAT

Mondale should not politicize tragedy in Beirut, Bush says

By Ron Cordray
THE WASHINGTON TIMES

CHICAGO — While continuing to accent the positive of the Reagan administration, Vice President George Bush is also starting to heat up the rhetoric against the Democrats.

Yesterday, Mr. Bush accused former Vice President Walter F. Mondale of attempting to make political gains from the tragedy of last week's bombing of the U.S. Embassy in Beirut which killed more than a dozen people.

"These things happen," Mr. Bush said of the most recent terrorist attack. "I'm a little troubled by the desperate need to criticize everything and make it into political advantage."

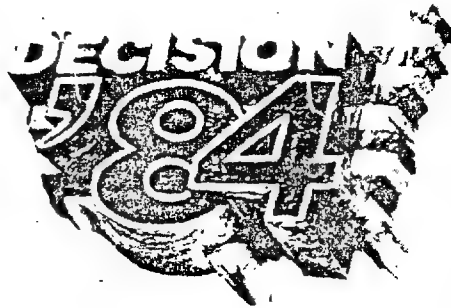
The vice president said it is virtually impossible to defend against "kamikaze" attacks by terrorists and told reporters that "You've seen international terrorism reach a new crescendo." The bottom line, he said, is that "we can't allow international terror to define our foreign policy."

"There is a certain desperation on the part of Walter Mondale," Mr. Bush said. "I don't recall him saying in advance he was concerned. He is operating from hindsight. If he has suggestions to improve our security, let's hear them."

Mr. Bush also criticized the Democratic ticket for implying this week's meeting between President Reagan and Soviet Foreign Minister Andrei Gromyko was politically motivated. "We're caught in a political campaign where everything the president says Mr. Mondale jumps up and says it's political."

Of President Reagan's speech at the United Nations Monday, Mr. Bush said there was nothing "particularly new" in the proposals, that the president has made similar overtures to the Soviets in the past.

He added that the speech "gave no signal at all" that the administration's position on a nuclear freeze has



changed. Such a freeze would "lock in superiority" for the Soviets, particularly in intermediate-range nuclear weapons, Mr. Bush said.

Questioned by reporters on why he does not release his assets and holdings, Mr. Bush said that when he became vice president everything was placed in a blind trust and he is prohibited from knowing what that trust includes. "It is the most rigid blind trust ever created," he said. "You can't have it both ways. If you go into the blind trust it violates the terms of the trust."

Mr. Bush said that "the very people who are attacking [CIA Director] Bill Casey for not having a blind trust are now asking me to violate my blind trust. My lawyers say I can't do it [open the trust for public inspection]."

Mr. Bush winds up a four-day Midwestern swing with a stop in Indianapolis tonight, Saginaw, Mich., and Erie, Pa., tomorrow.

In Illinois yesterday, Mr. Bush made a pitch for the Jewish vote while touring the predominantly Jewish Rogers Park area of Chicago. He shocked many shoppers by braving a driving rainstorm to visit Jewish business establishments along Devon Avenue, including a fish market where he showed his versatility by fileting trout.

He earlier spoke to students, parents and faculty at the Ida Crown Jewish Academy, where he drew enthusiastic applause by stating the United States

will not permit "anti-Semitic outbursts at the U.N. to pass unanswered, nor stand for the equating of Zionism with racism."

He said he was amazed at the ambivalence shown by the Carter-Mondale administration on this issue. "But, then I was also amazed and, frankly disgusted, that the Democratic Party's leadership found a platform plank condemning anti-Semitism too controversial to bring to the floor of their convention. There are no circumstances under which condemning anti-Semitism and repudiating anti-Semites

should be controversial in our republic."

This administration, Mr. Bush said, "has not flip-flopped in the U.N. like the Carter-Mondale administration did."

Asked by students at the academy why the Reagan administration has not lived up to the 1980 GOP platform which vowed to move the U.S. Embassy from Tel Aviv to Jerusalem, Mr. Bush said it must be negotiated as part of the overall peace process. "That pledge in the platform, like many, was not kept."

Mr. Bush wound up his day yesterday by attending a fundraiser for Sen. Charles Percy, R-Ill.

WASHINGTON TIMES
21 September 1984

CIA says Soviets in 'terminal' phase

By Michael J. Bonafield
THE WASHINGTON TIMES

The Soviet Union is "the world's last empire," which "after 67 years of communism ... has entered its terminal phase," an analysis prepared for the CIA says.

The document, written for CIA Director William Casey in late June by Herbert E. Meyer, vice chairman of the National Intelligence Council, describes the Soviet Union as a terminally ill giant that, left to its own devices, will collapse unless sweeping reforms are instituted.

The National Intelligence Council, a part of the CIA, is made up of individuals who are experts in a variety of fields. NIC coordinates its research for dissemination to the CIA director and other key government officials. Mr. Meyer's analysis was marked "unclassified."

Citing studies by Marshall Goldman of Harvard University's Russian Research Center, the analysis reports "that food is in short supply outside the Moscow-Leningrad area, and that rationing has been imposed in 12 cities." The document does not name the cities.

"According to recent issues of published Soviet medical literature," Mr. Meyer writes, "five of seven key communicable diseases are now out of control: polio, diphtheria, scarlet fever, whooping cough, measles."

Mr. Meyer cites Georgetown University demographer Murray Feshbach, as reporting that "so high is the incidence of measles that it now stands fractionally below the level at which epidemiologists attribute the problem to mass malnutrition."

Infant mortality in the U.S.S.R., Mr. Meyer says, "is rising and life expectancy is falling."

The analysis describes a deep sense of pessimism that "has taken hold among the Soviet people," a reflection of which is the abortion rate.

Mr. Meyer says the nation's abortion rate "as a whole is between 60 percent and 70 percent, and ... for Slavs and Balts is 75 percent to 80 percent."

"We simply cannot attribute these staggering rates entirely to the low quality of available birth-control products and to decisions by sensible, practical parents to limit the size of their families," he writes. "Rather, we must view these rates, at least partly, as an indication of the average couple's judgment of life in the Soviet Union."

Referring to remarks by Frank Shakespeare, who supervises Radio Free Europe and Radio Liberty, Mr. Meyer says, "These abortion rates reflect a vision of the future that is bleak and despairing, almost to the point of national suicide."

The CIA report calls the U.S.S.R. "a demographic basket case."

Citing the declining birthrate among Russians, the pre-eminent ethnic group in the country, Mr. Meyer says, "In the coming years, the able-bodied working-age population of the Russian Republic, which contains roughly two-thirds of the Soviet Union's total industrial production capacity, will actually decline."

That means, he says, "High birth rates in the Moslem republics have begun to soak up vast amounts of investment for schools, hospitals, roads and so forth."

As a result, Mr. Meyer adds, "Fewer and fewer Russians must work harder and harder to support more and more non-Russians." Only about half the population, he says, can speak Russian.

The Soviet Union is composed of 15 autonomous republics, of which the Russian Soviet Federated Socialist Republic is the largest and, traditionally, the pool from which the leadership is drawn.

"After 67 years of communist rule," the document says, "the Soviet Union remains a 19th century-style empire, comprised of more than 100 nationality groups and dominated by the Russians. There is not one major nationality group that is content with the present Russian-controlled arrangement; not one that does not

yearn for its political and economic freedom."

Arguing that the imperial system itself is fatally flawed, the analysis asserts that, "At long last, history seems to be catching up with the world's last surviving empire."

Citing the Kremlin's "over-emphasis" on military production, Mr. Meyer charges that this has "wrecked the country's civilian industrial and technological base."

"The Soviets have failed miserably to generate the kinds of innovations on which modern technologies are increasingly dependent: robotics, micro-electronics, computerized communications and information-processing systems," Mr. Meyer says.

The U.S.S.R. now can produce little but weapons, the intelligence report says. As a result, the economy "has become stagnant and may even be starting to shrink — a trend that already has begun to make even production of weapons more costly and inefficient."

The Kremlin leadership understands these problems and has begun to realize "that something has gone hideously wrong," Mr. Meyer says.

He suggests that the Politburo, which includes the nation's top leaders and wields autocratic power, faces one of three courses: make fundamental reforms, fail to correct the "downward spiral," or choose a high-risk course "to change the correlation of forces" — military jargon for initiating war with the United States.

The CIA document outlines options for the United States during this period. It urges Washington "not to go out of our way to prop up the faltering Soviet regime," yet says the United States and its allies can nudge the Soviet leaders to "turn their considerable skills and energies to reforming their system."

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WALL STREET JOURNAL
21 September 1984

George McGovern and CIA on Radio Sandino's Hit Parade

STAT

Throughout the rainy summer, Nicaraguans and other Central Americans within reach of Radio Sandino were treated to the grotesque spectacle of prominent U.S. American politicians testifying in praise and support of Managua's Marxist-Leninist comandantes.

Leading the usual flock of "progressive" Democrats from Jesse Jackson to Rep. James Shannon (D., Mass.) is the former senator from South Dakota, George McGovern. Reminiscing on the Sandinistas' airwaves that "our own country was born in revolution," Mr. McGovern

The Americas

by H. Joachim Maitre

stressed that Nicaragua's ruling Ortega brothers—Daniel and Humberto—had won power after a popular revolution. Mr. McGovern concluded: "I am for them. I would be dealing with them on a daily basis if I were president."

Few Nicaraguans have grown accustomed to the cacophony of dissent rushing down from the U.S. and eagerly amplified by the Sandinista propaganda groups. Fewer North Americans realize that partisan speeches, so blatantly rooted in ignorance of conditions in post-revolutionary Nicaragua, deeply affect the morale of those democrats within Nicaragua struggling to survive. True, pro-Sandinista rhetoric is often judged and discounted as a by-product of ruthless party politics up north. But the lack of a clear-cut anti-Sandinista policy in official Washington is seen and feared as more damaging, because with every passing day, U.S. irresolution contributes to the weakening of opposition forces and threatens to result in stabilizing Nicaragua's dictatorship.

What is Washington's strategy? Is it aimed at coexistence with yet another to-

talitarian regime in the immediate neighborhood? Or are the Sandinistas targeted for abolition? What role is Nicaragua's armed opposition to fill in Washington's strategy?

Washington maintains that the Nicaraguan rebels' efforts remain limited to the objective of forcing Managua to stop its arms shipments to the insurgents in El Salvador. But are 15,000 armed men needed to force Managua to stop its support of the insurgency in El Salvador? And why should thousands of Nicaraguan freedom fighters, mislabeled "contras," risk their lives for the survival of freedom and democracy in neighboring El Salvador?

Among the rebels there is agreement that the arms shipments to El Salvador must stop, but that such shipments will stop automatically once the Sandinistas have been toppled. Said a rebel commander fighting in northern Nicaragua: "We are not fighting to stop the weapons. We are fighting to liberate Nicaragua."

Washington has never openly advocated that goal. In fact, one Washingtonian's blunt assessment of the Nicaraguan rebels' chances was broadcast over and over by Radio Sandino:

"... there's no chance that they will be able to overthrow the government. In the resistance you have perhaps 15,000 men with rifles scattered around the open, unpopulated parts of the country. They can't go into the cities, which the government is protecting with tanks, 75,000 men in the army, the militia and the security forces.

This dilettantish assessment, which betrays a near-total innocence toward all theories and methods governing insurgencies, did not come from a disgruntled State Department holdover from the Carter administration. It originated in the Central Intelligence Agency and was made public by its director, William Casey, through an interview with U.S. News and World Report (April 23, 1984). One Nicaraguan rebel who

heard the CIA director's words over Radio Sandino commented: "Do you know what it does to hear the head of the CIA denigrate our chances of success?" Beyond upsetting the morale of rebel forces, Mr. Casey's remarks compare in an embarrassing fashion with similar assessments made in Washington of a group of insurgents operating in the Cuban countryside in the late 1950s.

Then, Fidel Castro's chances of overthrowing the Batista dictatorship were also judged slim or nonexistent—at first. But eventually the tanks and artillery pieces at Batista's disposal proved to be no match for Castro's lightly armed men.

Early last winter and spring, the three major Nicaraguan rebel forces had scored an impressive string of military victories. From the north, roughly 10,000 guerrillas under the banner of the FDN (Democratic Forces) were operating in a north-south line through the center of the country, in Jinotega, Matagalpa, Boaco and Chontales provinces. They had effectively cut off the country's strategic road to the Atlantic Coast.

From the south, ARDE (Revolutionary Democratic Alliance) had made inroads and briefly occupied the garrison town of San Juan del Norte. In the northeast, Indian warriors of the Miskito, Sumo and Rama nations roamed at random. But the CIA's bungling of the mining operations, resulting in Congress turning its back on the freedom fighters down south, stalled the advance and bought time for the Sandinistas.

The setback forced the squabbling rebel factions into political action aimed at unity. On July 24, in Panama, ARDE and FDN pledged, in part, the following:

- "To struggle united until our country, oppressed by a Marxist-Leninist totalitarian regime and occupied by foreign troops, is freed. . . .
- "To install in Nicaragua a transition government of national conciliation

Continued

Pentagon Hedges on Planes' Tie to Latin Rebels

By RICHARD HALLORAN

Special to The New York Times

WASHINGTON, Sept. 18 — The Pentagon acknowledged today that the Air Force had given three surplus planes to "another government agency," but declined to confirm that the planes had been passed on to insurgent forces in Nicaragua.

The Pentagon's chief spokesman, Michael I. Burch, asserted at a news briefing that the three aircraft, light Cessna O-2 observation planes, had been transferred in accord with property disposal laws. But he refused to identify the agency to which they had been transferred or the use to which

they had been put.

He also declined to speculate on whether the Reagan Administration had violated a limit on military aid to the Nicaraguan rebel forces set by Congress in September 1983.

Mr. Burch said, in effect, that the Pentagon's responsibility for the planes ended when they left Air Force hands.

The issue of the three light planes, believed to have been used to attack a Nicaraguan Government military school on Sept. 1, was raised late Monday by Senator Jim Sasser, Democrat of Tennessee and a leading critic of President Reagan's policies in Central America.

Mr. Sasser, having seen documents that detailed the transfer of the planes, said in a statement that the Reagan Administration could have circumvented a \$24 million limit on military aid to the Nicaraguan rebels, widely known as the contras, by giving away the planes.

"The key unresolved issue," Mr. Sasser said, "is whether or not the aircraft were transferred to the contras at no charge."

Mr. Burch said that he did not know the exact value of the planes given to the other government agency but noted, in response to a question, that two similar aircraft had been sold to El Salvador for \$47,000 each.

A spokesman for Senator Sasser said the Senator had written to the Secretary of Defense, Caspar W. Weinberger, and the Director of Central Intelligence, William J. Casey, to ask whether other weapons had been transferred secretly to the rebels.

In September last year, Congress said in a military spending measure that the United States would provide no more than \$24 million worth of military aid to the rebels during fiscal 1984, which began on Oct. 1, 1983.

Mr. Burch said that 20 of the low-wing, two-engine Cessnas had been declared surplus by the Air National Guard in 1983 and given back to the Air Force. One plane went to a museum, another to the Air Force Systems Command, two to El Salvador and three to the Air Force Logistics Command. The

rest remain in storage, Mr. Burch said.

The three planes given to the Air Force Logistics Command, Mr. Burch said, were turned over to the other government agency at no cost on Dec. 28 at Andrews Air Force Base, just outside of Washington. He refused, despite persistent questioning, to go beyond that account.

The Cessnas, first built in 1962, were modified for military use by Summit Aviation Inc. of Middletown, Del. The planes were used as passenger planes, forward air control spotters for bombers, and for aerial photography and intelligence gathering.

According to Congressional officials, the three planes in question were given to the Central Intelligence Agency, which flew them to Delaware to be fitted with rocket launchers. Then they were transferred to the anti-Government forces in Nicaragua.

In his statement, Mr. Sasser said: "Department of Defense directives prohibit the free transfer of surplus military equipment to foreign military forces. This situation leads me to believe that the Administration may have acted in a cavalier and irresponsible manner concerning the laws and regulations limiting aid to the contras."

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REVIEW & OUTLOOK

Andrei in the Rose Garden

President Reagan let it be known last Tuesday that when he receives Andrei Gromyko at the White House Sept. 28, the Soviet foreign minister and first deputy prime minister will be told that the U.S. "means no harm" to the Soviet Union. The Kremlin will spend the next two weeks figuring out what to make of that. You can be sure Mr. Gromyko will have an appropriate response, like maybe, "The same to you, buster."

Here is an American president, the Kremlin stalwarts will say, whom we've called every dirty name in the Russian dictionary lately. Instead of responding in kind, he treats us like children. Doesn't he take the Soviet Union seriously?

Well, seriously enough to know that in an election campaign it doesn't hurt to demonstrate that you're trying to get on with the Russians, and more important, that you don't fear their bombast. If Mr. Gromyko tries to stir up election trouble for Mr. Reagan with provocative talk, he probably will find out what that modern American expression "laid back" means. If the Russians try something more daring, as some theorists have suggested they might, the response would, of course, be different.

But none of this tactical maneuvering alters much in the U.S.-Soviet relationship. Its fundamentally adversarial nature is not likely to change. U.S. policy makers know that and have been giving more attention than usual lately to mapping out a longer-term strategy for managing the relationship. They may "mean no harm" in the strictest military sense, but clearly the strategy taking shape is one of keeping the Soviets off balance. Mr. Reagan himself gave a clue to it recently when he took advantage of continued discontent in Poland to remind the folks in Moscow that they had never lived up to their 40-year-old promise at Yalta to permit free elections in Eastern Europe.

Keeping the Soviets off balance always takes some doing, as will be evident when the stolid Mr. Gromyko shows up in Washington. It never pays

to underestimate the endurance of a police state, no matter how unpopular it might happen to be with the people subject to its grasp. And the machinery of Soviet expansionism, managed by the skilled plotters of the KGB and the force-deployment managers of the Red Army, grinds on inexorably, consolidating Soviet power in outposts like Nicaragua and Vietnam and constantly probing for weak spots elsewhere around the globe. The machinery runs well on its own momentum even when the empire is weak at the center. And never forget the Soviet Union's intimidating nuclear might, built with brazen disregard for arms-control treaties.

But the empire, at this moment in history, does appear to be weak at the center. Chernenko is said to be seriously ill. Gromyko is aging. The two strongest young Turks in the politburo, Gorbachev and Romanov, are probably locked in deadly competition for full power. Ogarkov, the brightest military leader, has mysteriously disappeared from view. Another crop failure has hit. The Soviets are strapped for foreign exchange. Their East European satellites are more restless than usual. Now that they have a sizable chunk of Southeast Asia, Africa and, to a lesser extent, Central America, it is clearer to other nations that the main Soviet export is destitution. The Afghan war grinds on.

Herbert E. Meyer, vice chairman of the National Intelligence Council, recently wrote a non-classified paper for CIA chief William Casey describing these and other weaknesses and discussing their implications. "History is no longer on Moscow's side—if ever it was—" he wrote, "and Soviet leaders sense they lack the wit, the energy, the resources and above all the time, to win it back." Their reaction to that realization, he speculated, could be further attempts at internal reform, continued inability to cope with decay or a "high risk course designed to change the correlation of forces before it is too late. . . ." The latter might take the form of a grab

for the Persian Gulf, an attack on Western Europe or even a first strike on the U.S.

This last point, in effect, asks whether internal weakness and turmoil make the Soviets more dangerous. The best answer is that the Soviets are dangerous whether weak or strong, which means that the U.S. must continue to mind its defenses, and especially it must build a nuclear defense. But none of this means that the U.S. should abandon its policy of containment or, for that matter, that it should fear to assert the rights of peoples the Soviet Union has subjugated.

There is no way of predicting how the Kremlin inmates will deal with their problems. But by telling them the U.S. means them no harm, Mr. Reagan is also telling them indirectly that they do not strike inordinate fear in his heart. That will come as a disappointment to Mr. Gromyko, and it will be interesting to see how he deals with it on his visit to the Rose Garden.

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PERISCOPE

Casey at the Bat Doesn't Seem to Help

Central Intelligence Agency Director William Casey used heavy political muscle to persuade President Reagan to nominate his friend and CIA counsel Stanley Sporkin for a federal district judgeship last June. But the nomination has been mired in the Senate, and opposition is coming from both sides of the aisle. Though investigators are taking a look at Sporkin's finances, the real problem for several Republican senators seems to be his prickly temperament and his alleged bias against business, a reputation stemming from the zeal he displayed as chief of enforcement at the Securities and Exchange Commission from 1974 to 1981. And at least one Democrat, Joseph Biden, has questions about Sporkin's role in advising Casey on his responses during a Senate inquiry into his controversial financial dealings and stock holdings. Meanwhile, Justice Department officials—who feel Sporkin lacks a “judicial temperament” and tried to discourage Casey from pressing Sporkin's nomination—are offering no lobbying help on Capitol Hill.

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The Thousand Small Escalations of Our Latin War

STAT

By Raymond Bonner

IN MARCH 1981, just two months after President Reagan took office, Under Secretary of State Walter Stoessel Jr. went before a Senate committee with a request for \$25 million in military aid to El Salvador. Stoessel assured the senators that the request did not foreshadow any big escalation of U.S. commitments in Central America.

"We are doing our best to insure that a similar situation does not develop in El Salvador with what happened in Vietnam," Stoessel said. "We do not foresee the necessity for increases."

Since then, however, American military commitments in Central America have increased, in an exorable process of small and often quiet steps which, when taken together, add up to a dramatic escalation of U.S. military involvement in the region. U.S. military aid to El Salvador, for example, reached \$196 million in fiscal 1984 alone. And this has been accompanied by a steady expansion of direct U.S. support and of the U.S. military presence throughout the area.

Neither Democrats nor Republicans are saying much about the Central American issue in their campaigns so far. But the looming question remains: What will happen after November's presidential election? While no one can answer that definitively, it is worth examining the history of the last four years now, in order to understand the direction in which the nation has been moving, and to grasp how much has actually changed since the Reagan administration took office.

Since January 1981, the amount and sophistication of U.S. equipment being supplied to both El Salvador and Honduras has risen; military bases have been built and expanded throughout Honduras, and U.S. naval flotillas patrol the waters off the Central America coast. In El Salvador, American advisers currently operate in combat zones rather than in rear echelon areas, to which they were once restricted.

At the same time, what began as a small-scale effort to interdict arms shipments from Nicaragua to the Salvadoran guerrillas has escalated into an undeclared war against Nicaragua, fought by a "contra" army trained, equipped and financed by the United States. The Central Intelligence Agency has acknowledged mining Nicaraguan ports and contra forces have attacked fuel installations inside the country.

Along with the increasing U.S. involvement have come glowing assessments of progress toward the administration's goals of defeating the Salvadoran guerrillas and toppling the Sandinista government in Nicaragua.

In May 1983, for example, CIA Director William Casey told members of Congress that the contra forces fighting out of bases in Honduras had a good chance of toppling the Sandinista government in Nicaragua by the end of the year. As for El Salvador, the senior U.S. military adviser in El Salvador said in June 1982 that the guerrillas would be "reduced to banditry" within two years.

At the same time, however, U.S. estimates of what it would take to do the job have been steadily revised upward. U.S. Embassy officials in El Salvador advised Washington in June 1981 that the guerrillas could be defeated if the Salvadoran army, including the security forces, were roughly doubled, to 23,000 troops. Five months later the assessment of what was needed for a military victory was upped to 41,000 troops. Today the Salvadoran armed forces number 45,000. But victory still remains elusive, just as the toppling of the Sandinista regime by the contras also seems remote.

Prior to 1979, U.S. military involvement in El Salvador was negligible. It was not until after the Sandinista victory in Nicaragua in July 1979 that the U.S. began to look more closely at events in El Salvador. The first steps of the escalation began in earnest during the final days of the Carter administration, when it approved \$5 million in emergency military aid, supplied the Salvadorans with six helicopters, and dispatched military advisers in response to a major guerrilla offensive.

Within weeks after arriving in Washington, the Reagan administration asked for an additional \$25 million in military aid and a doubling of the number of advisers. In the next three years, despite Stoessel's assurances to the Senate Foreign Relations in March 1981, U.S. military aid rose sharply: to \$82 million in 1982, another \$81.3 in 1983 and then to \$196 million in fiscal 1984.

Similarly, the administration revised its stand on the advisers. When Sen. Joseph R. Biden (D-Del.) of the Senate Foreign Relations Committee asked in March 1981 how long they would be there, he was told by Gen. Ernest Graves, director of the Defense Security Assistance Agency: "Months or at most one year" after training one battalion.

"What specific steps are being taken in El Salvador that are different from those taken in the early days of Vietnam?" Sen. Larry Pressler (R-S.D.) asked during the same hearings. Gen. Graves answered that the "most important step" was that the U.S. military personnel in El Salvador would be confined "strictly to training activities" in "the most secure areas." He stressed that the advisers would not "accompany combat operations."

These assurances were repeated a few months later when Assistant Secretary of State for Inter-American Affairs Thomas O. Enders appeared before the House Inter-American Affairs Subcommittee.

Under the War Powers Act, enacted over President Nixon's veto in 1973, the president is required to notify Congress if he sends combat-equipped troops into places where there are, or might soon be, hostilities. The Reagan administration did not file a War Powers report when it dispatched the advisers, and the Defense Department realized this presented problems.

"It is contradictory to be stating that a War Powers report is not required when military assistance is being justified publicly as a result of a major offensive marked by intense, widespread, daily attacks draining the military resources" of El Salvador, the Defense Department's general counsel's office memorandum dated Feb. 12, 1981.

Continued

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Once Upon a Reagan Press Conference

All the answers the president will ever need but hasn't had to use

By Herbert Block

GOOD MORNING, LADIES and gentlemen. Please be seated. Before we get to the questions I have a brief opening statement. I was talking with some of my staff members today, and I'm happy to say they tell me that our administration is doing very well and the country is in fine shape. This will be good news to all patriotic Americans who want to see our country do well. It will only displease those purveyors of gloom and doom who inject politics into everything, and who belittle all that is good about America and all that this great country is capable of doing. If they should be elected, our country will once again face the desperate situation that existed when I took office in January 1981.

Inflation was roaring ahead at 36 percent; interest rates were at a staggering 28 percent; 80 million Americans were out of work, and people in other countries were burning the American flag while our government sat idly by, afraid even to lift a finger to burn foreign flags in retaliation — afraid to send our brave U.S. Marines and our battleships to teach those foreign pawns of Moscow a decent respect for the American flag that symbolizes all the hopes and dreams of this nation — what Lincoln called the last best hope of earth.

Since that day in January 1981, when I acted promptly to save the country from total collapse, we proved that, as Franklin Roosevelt said, the only thing we have to fear is fear itself. And as John F. Kennedy warned, we had to get this country moving again. Because we acted quickly and decisively, inflation has been licked, interest rates have come down and all Americans are better off than they were before.

Today, American flags are no longer being burned. Under the leadership of this administration, America once more stands tall at home and in the world, and as your president, I intend to keep it that way. And now, I know all of you have questions. Helen?

Q: Mr. President, the figures you just gave on the economy and interest rates. They don't seem to jibe with figures we're familiar with. Can you tell us the source of these figures? They sound inflated.

A: No, Helen, inflation is what we have

put down. And Helen, I'm a little surprised that a member of the press should raise a question about these figures because I have been told they appeared in a publication — that is, in a part of the press itself. So I think we would all do well to read things other than just what we write ourselves. (Laughter.) I don't mean you, Helen. I don't want anyone to accuse me of having a gender gap. (More laughter.) Yes — Andrea?

Q: Sir, you said no American flags are now being burned. For several weeks, NBC-TV has been showing foreign demonstrations in which this has been happening.

A: Those were American flags only in a narrow technical sense. Actually, they were made in Japan, which, while it is a friendly country, is not American, and I think the television reporters know that, if they would only tell their viewers and listeners. One of my first actions on taking office was to order that all official American flags at our embassies and so on be made flame-retardant. I also had them Scotchgarded and starched to keep them cleaner and to make them stand out a little straighter in the wind. And there is no instance of any of those flags having been burned successfully, except perhaps for a little scorching around the edges. Yes, Lou?

Q: Sir, when you ran for president, you promised to balance the budget by the end of 1983. But today the budget is more out of balance than ever. Would you comment on that, please?

A: I'm glad you asked that question, Lou, because a balanced budget is something I feel strongly about, and we would have it today if only the Democrats in the House of Representatives would give it to us. But they have so far refused to cooperate.

However, the door is still open to them, and I am going to try in every way I know how to get them to come up the sidewalk with a balanced budget.

Q: If I may, a follow-up, sir. You yourself have never offered a balanced budget. How do you expect Congress —

A: Lou, you and I have known each other a long time, and we both know that Congress has what I guess the political scientists would call "the power of the purse." And that's a lot of power. But I came here to Washington with a mandate to change things, and I am not going to give up in my efforts to balance the budget, even though Congress might. And when they hear from the people at home, I think some of them will change their minds. Also, I think most people are aware that I strongly favor a constitutional amendment to make sure that future presidents *do* balance the budget instead of leaving us burdened with debt as past presidents have done. Over here — Sam?

Q: Sir, the statistics you gave make no mention of unemployment, which I think now stands at about 9 percent. What do you propose to do about that?

A: Well, let me say first of all that if there is one person unemployed in this country, it is one too many. But if the policies of past administrations had been followed, and we projected the results of those policies to now, we would today have an unemployment rate of 39 percent. So we have actually achieved a *reduction* of about 30 percent. Furthermore, these unemployed people pay little or no taxes, which lifts from them the burden of overtaxation that I have fought against and successfully. Also those unemployed who still have savings they can draw on will find that reduced inflation has made their savings more valuable, and also there are many good investments that can be made in the stock market today which would increase the

value of those savings still more. So we might say that the unemployed never had it so good. And while we are not entirely satisfied with the picture today, it is far better than it

CIA Cited as Supplier for Planes to Nicaraguan Rebels

By Blaine Harden and Joe Pichirallo
Washington Post Staff Writers

A raid by U.S.-backed rebels in Nicaragua two weeks ago was executed with three rocket-equipped aircraft supplied by the Central Intelligence Agency as part of what congressional critics charge may be an administration effort to circumvent strict spending limits on its "secret war" in Central America.

The assault on a Nicaraguan military school near the Honduran border gained notice in the United States because two Americans participating with the rebels were killed. The two, who had traveled to Central America to "fight communism," died when Nicaraguan troops shot down a rebel helicopter in which the pair was riding.

Although the helicopter crash and the dead Americans drew widespread attention in this country, the attack was possibly more notable as the first known instance of rebel use of multiple aircraft in coordination with attacking ground troops. Moreover, the previously unknown guerrilla possession of the three aircraft, all Cessna O2A observation planes specially outfitted with rocket pods, marks a significant escalation in firepower for the rebels.

Both the CIA and the *contras*, as the rebels are known, declined comment on where the planes came from or how they ended up flying over the northern Nicaraguan jungle. But information gathered through sources in Congress, federal agencies, the aircraft industry and through public documents indicate that the three planes traveled a long and circuitous route that began last December at a National Guard airport beside the Hudson River in New York State.

In less than four months, custody of the planes moved from the U.S. Air Force, to a top-secret Joint Chiefs of Staff operation code-named "Elephant Herd," to the CIA, through a Delaware aviation company where they were armed, and ultimately to the *contras*.

The nature of these transactions has raised questions about possible cooperation between the Defense Department and the CIA to circumvent an explicit congressional ban on supplying arms and equipment beyond the \$24 million specifically appropriated to the CIA for aiding the rebels during this fiscal year.

A senior administration official, who could not comment on the specific aircraft used in the Sept. 1 raid, said yesterday that several other small noncombatant military aircraft have been transferred from the Air Force to the *contras* through the CIA.

In letters sent Thursday to Secretary of Defense Caspar W. Weinberger and CIA Director William Casey, Sen. Jim Sasser (D-Tenn.) requested an explanation of what happened to three Air Force Cessna O2As that disappeared from government records after being declared "excess" last December. He charged that "transfer of surplus military equipment at no cost to support *contra* operations would . . . represent an outlay in excess of the CIA legal spending limit . . ."

The Defense Department responded to Sasser's letter yesterday by informing his office that top-secret documents show the planes were transferred to the Joint Chiefs' "Elephant Herd" operation. It said the papers will be made available Monday to him and to the House and Senate intelligence committees.

Congress refused administration requests for additional funding for the *contras* this fiscal year. Both the CIA and the *contras* have said that current funds were exhausted last May.

In the much publicized *contra* raid two weeks ago in Nicaragua, the three O2As escaped without being downed by Sandinista ground fire. The Reagan administration, which charges the leftist Sandinista government with exporting communism in Central America, says the rebel attack killed at least four

senior Cuba

Sandinista government disputes this, saying the *contras*' rockets killed three children and a cook at the training school.

An account of how these three Cessnas apparently were secretly transferred from the New York Air National Guard to Central America—with a stopover for armaments at a private airfield tucked away in the cornfields of rural Delaware—is a case study in the conduct of one aspect of the "secret war" that has been financed by the CIA since December of 1981, when President Reagan first approved covert assistance to the *contras*.

About \$80 million in covert assistance has been provided formally to the rebels since the program began. Members of the House Intelligence Committee, however, have been concerned for several months that the CIA has developed backdoor mechanisms to supply additional materiel to the rebels.

Large amounts of equipment have been transferred from Defense to the CIA for the rebels, according to Richard C. Lawrence, who until last fall was director of Central American affairs in the office of Nestor Sanchez, deputy assistant secretary for Inter-American affairs.

"We gave the agency pretty much anything they wanted. In war they're a fourth branch of the service. There is a terrible gray area about what to do in semi-declared wars [such as the "secret war" between U.S.-supported rebels and Nicaragua]. It helps to have the [Defense Department] and CIA working together in this situation," Lawrence said yesterday in a telephone interview from his home in Santa Fe, N.M. He was repeating comments he made in a magazine interview this summer.

Lawrence added that the transfer of equipment between Defense and the CIA was done under a "strict accounting procedure."

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Capital Briefs

★ Will CIA boss William Casey step down after the election? The New York *Post's* Niles Latham reported last week that Casey has informed the White House he will return to private life even if his close friend the President is re-elected. Casey's office denies the reports. But if Casey does leave, say insiders, there are three front-runners for his job: White House Chief of Staff James Baker, National Security Adviser Robert McFarlane and former Ambassador to Yugoslavia Laurence Silberman.

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Our enemy's ally is our enemy

WASHINGTON—In "The Road to Morocco," Bing Crosby and Bob Hope danced off a stage singing, "Like Webster's dictionary, we're Morocco-bound!" Moammar Khadafy, America's Diplomatic Enemy No. 1, is now joining in the chorus.

In May, the Libyan leader was almost toppled in a coup. He subsequently increased the repression in his country. After his aggression in Chad, he was being frozen out of Arab and African councils as an outlaw nation. His oil revenues dropped. He was widely reported to be on the ropes after 15 years in power.

Then, to our astonishment, he brought off a diplomatic coup. King Hassan II of Morocco, supposedly a leader of the Arab "moderates" and long touted as a staunch American ally, secretly agreed to merge his nation into federation with Libya. In one swoop, Khadafy was given a new lease on international legitimacy.

The Reagan administration, professing surprise, is in a state of puzzlement bordering on disbelief. A few questions are in order.

First, why did King Hassan do it? One politico reports that Vice President George Bush said he guessed the cause was heat from the Polisario guerrillas. [Bush, now campaigning in a media-free cocoon, refuses to entertain a question on this. Too substantive.] These guerrillas, supplied with Soviet arms by Libya, have long been bothering the king; a deal with Libya takes that

William Safire

heat off. Phosphate exports, the chief source of Morocco's income, are down; Libya may have offered money. Algeria, which provides sanctuary for the rebels, has formed an alliance with Tunisia and Mauritania; a Libyan deal is Hassan's counter.

Why was the United States kept in the dark while negotiations went on between Khadafy and Hassan?

CIA supporters blame the State Department. Morocco was a State favorite: U.S. diplomats had the run of the country. Ambassador Joseph V. Reed Jr., a Chase Manhattan banker appointed when Michael Deaver was eager to ingratiate himself with David Rockefeller, has been the social lion of Rabat and Casablanca—but was vacationing in Maine when Hassan dropped the announcement on him.

One diplomat claims our ambassador was informed in advance, passed the impending news to Washington and was told to warn the king of repercussions. If this version is true, the expression of U.S. surprise is a sham, and the Arab king was contemptuous of U.S. reaction to his union with Khadafy. Such contempt turned out to be well-placed: Bush is ducking questions because the administration does not have a position.

How has the administration reacted? Lengthy head-scratching and

much hoping that this Libyan marriage, like others, will go un consummated. Mistrusting the flamboyant Reed, State dispatched its heavyweight roving ambassador, Vernon Walters, to the king's palace in Casablanca last week. Walters, with a sprained ankle, hobbled in to "express his concerns" about a country we thought was an ally federating with a state we know is an enemy.

If what a Moroccan delegation here has been telling Bush, Secretary of State George Shultz and CIA Director William Casey is any indication, the king assured the American envoy that he could tame Khadafy. In addition, Moroccans have been grumbling about the measly \$140 million in American aid this year, of which \$40 million is a loan at unsubsidized interest rates. Egypt gets more than 10 times that amount of aid, and it does not control the Straits of Gibraltar. Cheap payoffs invite double-crosses.

How should the U.S. respond? To paraphrase a Bedouin saying, the partner of my enemy is my enemy. Morocco has chosen to be closely affiliated with Libya, and inherits Khadafy's liabilities as well as his relief from Polisario pressure. That calls for an immediate cutoff of U.S. military sales, which we do not want transshipped to the other half of the new federation, and a hard look at continued handouts.

America cannot be expected to smile at a kick in the teeth.

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National report

Casey's CIA job safe if Reagan wins

WASHINGTON—President Reagan called CIA Director William Casey last week to assure him he can keep his job if Reagan is re-elected, a White House spokesman said Tuesday. Reagan made the telephone call after Casey complained in a letter about newspaper stories that said he was prepared to leave the CIA. "The president is pleased with the job the CIA and its director are doing," deputy press secretary Bob Sims said. Casey said in his letter that he does not want to leave the CIA, and indicated indirectly that he wants to remain as head of the agency. Since taking over the CIA in 1981, the 71-year-old Casey, a millionaire investor, has survived controversies over his finances and his role in Reagan's 1980 campaign.

CIA chief told he can stay on job

From Inquirer Wire Services

WASHINGTON — President Reagan last week privately assured CIA Director William J. Casey that Casey would be welcome to remain as head of the intelligence agency if Reagan is elected to a second term, a White House spokesman said yesterday.

Reagan gave the assurance by telephone after Casey complained in a letter about newspaper stories that said he was prepared to leave the CIA.

"The President is pleased with the job the CIA and its director are doing," White House spokesman Bob Sims said yesterday. "He did call Casey and expressed his continued confidence in him."

In his letter, Casey complained about press reports that appeared to originate in the White House saying that Casey was ready to return to private life.

Casey said in his letter that he did not want to leave the CIA and indicated indirectly that he wanted to remain as head of the agency.

Another White House spokesman, who did not wish to be identified, confirmed that Reagan had promised that Casey could remain on the job if Reagan is re-elected.

There has been considerable speculation within the administration that Casey might step down after the election. That speculation has provoked concern among Reagan's more conservative supporters, who consider the CIA director one of their own.

However, the prevailing view among Reagan insiders is that the President is unlikely to press any of his cabinet members for a resignation if re-elected.

Casey's letter to Reagan had attached to it two clippings — one from the Washington Times, dated Aug. 30, the other from the New York Post, dated Sept. 4. Both stories said the White House had assembled a list of possible replacements for Casey in a second term.

Casey said reports of this kind hurt morale at the CIA, and he urged Reagan to stop such leaks, if they were not true.

A millionaire investor, Casey, 71, has been controversial for both personal and policy reasons. On the personal side, he first refused when appointed to the CIA to put his extensive holdings in a blind trust as other administration officials have done. He finally did so after he was criticized for continuing to shift his investments while running the agency.

Casey was also in a dispute with White House chief of staff James A. Baker 3d over the receipt of Jimmy Carter's presidential debate briefing book by the 1980 Reagan presidential campaign. Baker had sworn under oath that he had received the briefing book from Casey, but Casey vehemently denied this. The matter was never resolved, although the FBI and a congressional subcommittee had investigated to determine how or through whom the briefing book came to the Reagan campaign.

Casey is one of several senior officials about whom speculation has arisen over tenure in a second Reagan term. Others include Secretary of State George P. Shultz, Secretary of Defense Caspar W. Weinberger, chief of staff Baker, deputy chief of staff Michael K. Deaver and Office of Management and Budget Director David A. Stockman.

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WASHINGTON

USA TODAY'S SPECIAL REPORTS FROM THE CAPITAL

Casey told he can stay if Reagan is re-elected

President Reagan telephoned CIA Director William Casey last week to assure him he can keep his job if Reagan is re-elected, a White House spokesman said Tuesday. Reagan made the call after Casey complained in a letter about newspaper stories that said he was prepared to leave the CIA. "He did call Casey and expressed his continued confidence in him," deputy press secretary Robert Sims said. Casey's letter said he does not want to leave the CIA, and indicated indirectly he wants to remain as director.

WASHINGTON TALK

Briefing

STAT

Spying on the Master

Is the Anglo-American alliance in peril? A Washington reporter caught sight of William J. Casey, the Director of Central Intelligence, in the travel section of a Washington bookstore the other day and sneaked up behind him in an effort to discover the locale of the next foreign coup. The reporter was dismayed, however, to find that the master spy was concentrating on travel guides to Britain.

James F. Clarity
Warren Weaver Jr.

ARTICLE APPEARED

ON PAGE 4-1

WASHINGTON POST
11 September 1984

Reagan Assures Casey He Can Stay STAT as CIA Chief in New Term

By Bob Woodward
Washington Post Staff Writer

President Reagan last week privately assured CIA Director William J. Casey that Casey will be welcome to remain as head of the intelligence agency if Reagan is elected to a second term, informed officials said yesterday.

Reagan gave the assurance by telephone to Casey after Casey sent him a letter to complain about press reports that appeared to originate in the White House saying Casey is ready to return to private life.

In his letter Casey said he has no such desire. The letter made it clear—though with what one source called “studied indirectness”—that Casey desired to serve in a second term and did not consider his work as intelligence chief finished.

Asked about the letter and Reagan's reported response, White House deputy press secretary Robert Sims said yesterday: “We never comment on personnel matters, but the president's quite pleased with the CIA and its director.”

There has been considerable speculation within the administration that Casey might step down after the election. That speculation has provoked concern among Reagan's more conservative supporters, who consider the CIA director one of their own. However, the prevailing view among Reagan insiders is that the president is unlikely to press any of his Cabinet members for a resignation if reelected.

As governor of California and as president, Reagan has been reluctant to make changes in his inner circle or among his top appointees.

Casey's letter to Reagan had attached to it two clippings—one

from The Washington Times, dated Aug. 30, the other from the New York Post, dated Sept. 4. Both stories said the White House had assembled a list of possible replacements for Casey in a second term.

Casey said reports of this kind hurt morale at the CIA and urged Reagan to stop such leaks, if they were not true.

One knowledgeable official said Reagan then phoned Casey and was sympathetic. Throughout his career and especially as president Reagan has been impatient about leaks to the media from anonymous sources. “It was very clever of Casey,” this official said. “He all but got a guarantee that he would stay on. The president said, ‘You're my man at the CIA as long as I am president.’”

Casey is one of several senior officials about whose tenure in a second Reagan term speculation has arisen. Others include Secretary of State George P. Shultz, Secretary of Defense Caspar W. Weinberger, White House chief of staff James A. Baker III, deputy chief of staff Michael K. Deaver and Office of Management and Budget Director David A. Stockman. Sources said yesterday that Reagan has made no decision on moves involving any of these.

Casey said yesterday through a spokesman that he would have no comment. But he apparently shared the news about his possible retention with several others and the details of Reagan's call seemed to be known at the senior levels at CIA headquarters yesterday.

Casey's service as CIA director has been controversial, and the virtual promise of continued service in a second term could become a touchy matter in the presidential campaign.

Asked yesterday about the reported assurance that Casey had received from the president, a Senate Democrat who is a critic of Casey said, “All I can say is that Walter Mondale better start printing the Republican bumperstickers—‘Reagan-Bush-Casey.’”

A millionaire investor, Casey, 71, has been controversial for both personal and policy reasons. On the personal side, he first refused when named to the CIA to put his extensive holdings in a blind trust as other administration officials have done. He finally did so after he was criticized for continuing to shift his investments while running the agency.

Casey was also in a dispute with Baker over receipt of a Jimmy Carter presidential debate briefing book by the 1980 Reagan presidential campaign. Baker swore under oath that he had received the briefing book from Casey while Casey

vehemently denied this. The matter was never resolved as both the FBI and a congressional subcommittee failed to determine how or through whom the briefing book came to the Reagan campaign.

Casey has also had policy disputes with Congress centering on the CIA's role in funding and directing rebellion against the Sandinista regime in Nicaragua. Congressional oversight committees have complained that Casey had not kept them fully informed and Chairman Barry Goldwater (R-Ariz.) of the Senate committee went so far as to send a letter to Casey earlier this year saying “It gets down to one, little, simple phrase: I am pissed off!” This was after disclosures of CIA involvement in the mining of Nicaraguan harbors. Casey later apologized and the mining was halted. Congress has subsequently refused to provide additional funding for the covert war.

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ON PAGE D-7WASHINGTON POST
9 September 1984

STAT

David S. Broder

Forgive and Forget

FILE ONLY-DC/

PORTLAND, Ore.—Forgiveness is not the quality that candidates usually seek to evoke from their constituents. Approval and enthusiasm are what incumbents commonly hope to arouse; anger and discontent are the emotions challengers try to stir.

But this year President Reagan and his opponent, Walter Mondale, are trying, in their own ways, to seek forgiveness—at least, in this early stage of the game.

Indeed, the first four words of the first speech of the president's general election campaign were: "You will forgive me . . ."

The rest of the sentence was a Reaganesque cliché. "You will forgive me a little home-state pride," he told the Labor Day throng in Irvine, Calif.,

"but I can't help but thank you for giving me an opportunity to get away from those puzzle palaces on the Potomac to return home to kick off our campaign."

That's all there was to it. But it got me thinking that, in a more basic way, Reagan's brimming confidence is based on his belief that "you [the American voters] will forgive me [Reagan]" an awful lot.

They always have, as Rep. Pat Schroeder (D-Colo.) commented ruefully in her classic description of Reagan's "Teflon-coated" presidency — one to which no criticism sticks.

In this campaign, Reagan and his managers are hoping the voters will forgive and forget a great many of the policies and personalities that stirred controversy in the past 44 months.

People such as James Watt, Anne Burford and Alexander Haig, whose very names were enough to stir angry debate, have mostly been dropped overboard—or, as with Edwin Meese and William Casey, put out of sight for the duration of the campaign. The only time you hear their names is when a Democratic orator brings them up to get the crowd booing, as Rep. Les AuCoin (D-Ore.) did at a midweek rally here.

While pointing with pride to his record in reducing inflation, boosting real income and slashing taxes, Reagan would like people to forget the worst recession in 50 years, the growth in officially counted families in poverty and the quantum leap in the size of the annual federal deficits.

He would also like them to forget the fiasco of his Lebanon policy—and the lives of the Marines lost there. There were briefings galore on the anniversary of the brutal Soviet downing of Korean Airline Flight 007, but no ceremonies marked the Aug. 29 anniversary of the death of the first Marine in Lebanon.

On the other side of the political street, the Mondale campaign's search for forgiveness is alternately stark and subtle.

Mondale would most like people to forget his role as Jimmy Carter's vice president, and the legacy that administration left of inflation, economic stagnation and captive hostages. He would like farmers to forget grain embargoes; home-buyers to forget, double-digit interest rates; and everyone to forget "malaise."

There are parts of his own Senate record he would like to erase: for example, his vote against the thriving space shuttle program. He would be grateful if voters would also overlook what his rivals for the Democratic presidential nomination said about his record on defense, his penchant for spending and his ties to organized labor and other interest groups.

There is also a more subtle kind of forgiveness the Mondale campaign is seeking from voters—a willingness to accept a presidential candidate with a less vivid and attractive personality than the incumbent.

In conversations this week with two senior Mondale aides and advisers, Mondale's chance of success was linked directly to getting the voters to feel "comfortable" with him as he is.

A top Mondale operative in California said that the state registration drive, aimed at adding half a million low-income and minority men and

women to the voting rolls, would not be enough, nor would Mondale's challenge to Reagan's environmental, education and arms control policies, unless swing voters get "comfortable" with Mondale. "They don't have to like him," he said. "They like [vice-presidential candidate] Gerry Ferraro, and they like Gary Hart, who's giving us 10 days of campaign time in California. All they have to do is get past feeling uncomfortable about Mondale."

Another Mondale adviser with Illinois roots said he was not counting on Mondale's strength to carry that state. "Harold Washington [the Chicago mayor] and Eddie Vrdolyak [the Cook County Democratic chairman and critic of Washington] both have their own reasons to turn out the votes in the black and ethnic wards they control," this man said. "All Mondale has to do is defuse the antagonism in the suburban townships, so he doesn't end up like McGovern or Carter, with less than one-quarter of that vote."

Forgive Ronald Reagan for his blunders and for his friends, the Republicans seem to be saying. Forgive Fritz Mondale for his history and his blandness, the Democrats implore.

It is a curious campaign.

Two Died in Nicaragua

'Volunteers' Tread Where The C.I.A. Is Not Allowed

By JOSEPH B. TREASTER

MIAMI — He was in his mid-40's and he had a good job as a clinical psychologist, teaching and conducting a private practice. But he was getting antsy.

"I was tired of seeing patients and tired of teaching," he said the other day.

So, telling his wife he was going on a vacation with the boys, he flew to Mexico, he said, and took part in a raid on the home of a drug dealer who had welshed on a deal. He said he got a commission on a \$250,000 debt he collected — plus a dose of shrapnel from a grenade.

A few months later, he said, he was leading patrols and staging ambushes in Nicaragua, and early this year he was in the jungles of South America training young men to overthrow the Government of Suriname.

The man, who goes by the code name "Dr. John," is one of dozens of Americans who remember their military days so fondly that they try to recreate the experience. With few exceptions, they are fervent anti-Communists.

These days the easiest way to get back to basic combat is to go to Central America, where it is not difficult for American veterans to find a place with a rebel or government force in need of help.

"I made contact with some of the anti-Sandinista groups," Dr. John said last week. "And I ended up enlisting in the Eden Pastora forces. Everyone signs up for an indeterminate stay. They can leave when they want to."

Attention focused on American civilians in military roles in Central America last week with the news that two men who had gone to Nicaragua to help an anti-Government organization were killed when their helicopter was shot down by Government troops. Nicaraguan officials said the men were participating in a raid on a Government military school.

The men, who had been helicopter pilots in Vietnam, had entered Nicaragua with a rebel guide and four other members of an organization called Civilian Military Assistance, which claims to have about 1,000 members, mostly in Middle Western and Southern states. One was a detective on leave from the Huntsville, Ala. police department; the other was a man from Memphis who had been living on disability payments from injuries suffered in Vietnam. Both were 36 years old.

Thomas V. Posey, a produce wholesaler from Decatur, Ala., and a former United States Marine who is a di-

rector of Civilian Military Assistance, said the organization had sent about 15 members to Nicaragua since January as military advisers or to take "nonlethal" military equipment to the rebels.

Mr. Posey said the organization had been formed by friends who had gotten together over "war stories" and "gun talk" and decided to "provide military assistance to the freedom fighters" in Nicaragua. The group reportedly has been under investigation for possible violations of the Neutrality Act, which forbids private citizens from launching foreign invasions from the United States.

Mr. Posey denied that his organization or the two dead men had anything to do with the Central Intelligence Agency, as the Managua Government has charged. Last week, some in Congress also sought explanations. Representative Ted Weiss of New York demanded that William J. Casey, the Director of Central Intelligence, give "a full account" of any participation by his agency. The State Department conceded that officials at the American Embassy in El Salvador knew of the men's presence and that an American military officer acted as a sort of unofficial go-between with the Salvadoran army.

Robert K. Brown, the editor and publisher of *Soldier of Fortune* magazine, said that since last fall, under a loose agreement with senior army officers in El Salvador, he has sent 10 teams of up to a dozen volunteers each to teach Salvadoran Army soldiers combat tactics and first aid. Both Mr. Brown's magazine and Civilian Military Assistance have sent the Nicaraguan rebels used combat uniforms, boots, canteens and other battlefield gear, perhaps in violation of the law.

Dr. John said he earned between \$2,000 and \$6,000 a month for his work with the Nicaraguan rebels and the soldiers who hoped to overthrow the Government of Suriname. But for him, like most of the others, money was not at the heart of the matter. "I didn't take as much as they offered," he said.

The members of Civilian Military Assistance and of Mr. Brown's teams are said to be unpaid volunteers, with some of them paying their own airfare and room and board to feel, once again, the chilling sensation of life in the combat zone.

"All of these guys have got jobs," Mr. Brown said from his office in Boulder, Colo. "Essentially they're taking vacation time."

In the mid-1970's, some found work in Rhodesia and in Angola, and there may be a few working in Libya today. But, says Mr. Brown, whose magazine carries classified ads from would-be mercenaries, there are few paying jobs for free-lance soldiers these days. He estimates there are no more than a couple of dozen Americans working as mercenaries all over the world.

"We get a lot of inquiries from people offering their services," Mr. Brown said, "and we simply have not accepted this. We have insisted the people we take down to Salvador are people we know personally. We have no way of checking backgrounds and we have to reject some probably well-intentioned, well-qualified individuals."

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'Zealotry' called CIA crimp

By CLARK T. IRWIN JR.
Staff Writer

American policy in Central America is being decided in an atmosphere where White House "zealotry" and "very strong ideological clamps" prevent full discussion of options, a former Central Intelligence Agency officer said Thursday in Portland.

In his first interview since resigning as Latin American specialist on the National Intelligence Council in May, John R. Horton told the Press Herald that "Where there's a strong political feeling in the administration, there's pressure to skew intelligence estimates."

Horton was interviewed at the home of his son, lawyer Mark Horton, before a talk for the World Affairs Council of Maine.

Despite his resignation, Horton said he has no policy fight with the current administration.

"I think our broad policy in Central America is completely correct," he said, describing that policy as supporting a restoration of democracy and civilian government in El Salvador, resisting rebels supported by Nicaragua and Cuba and "opposing the attempt of the Sandinistas (the Nicaraguan revolutionary junta) to close their society up completely."

His objection, he explained, is to political pressures for intelligence officers to massage their national intelligence estimates to conform to political goals and the "inferior quality of discussions" resulting from the squelching of some points of view.

CIA Director William Casey called Horton out of eight years of retirement last year to help prepare intelligence appraisals of Latin American countries for

the National Intelligence Council. The council's members represent the CIA, the State Department, the Defense Intelligence Agency and the armed forces.

As chairman of the team doing Latin American estimates, Horton gave Casey an estimate on the political, economic, military and diplomatic strength and capabilities of a major Latin American country important to U.S. policy concerns.

But the CIA director "wanted the estimate to come out a certain way" to strengthen the case for administration policy, Horton said, "and kept constant pressure on me to redo it."

"I refused to do it, so he finally had the thing rewritten over my dead body, so to speak," at which point Horton resigned.

That experience, he added, is not typical of the estimating process, which he believes is producing more and better readings than during the Carter administration.

The more general concern, he said, is that incomplete discussion of options for carrying out policy could lead to decisions that will eventually harm the country's intelligence services.

For example, he said, "It's no secret" that Cuba and Nicaragua are supplying arms, communications assistance and espionage data to the leftist rebels in El Salvador.

Since "Interdiction (military attempts to cut support) hasn't worked and can't work," and since no one is seriously proposing to remove the Sandinista regime in Nicaragua forcibly, Horton argued, it might be prudent to discuss offering Nicaragua a deal of reduced pressure if they stop supporting the Salvadoran revolutionaries.

But Casey's final vote at National Foreign Intelligence Board meetings — this being a group which reviews the National Intelligence Council's estimates — and "constant crunching back and forth" between the administration and "pragmatic people" at the State Department tends to suppress such discussion, Horton said.

On the administration side, he said, there is a group of "very bright people" including U.N. Ambassador Jean Kirkpatrick, Casey and Undersecretary of Defense Fred Ikle, "who are either against any type of compromise with the Sandinistas, or if not against it, suspicious that State can't handle it."

"There's a real distrust of the State Department," Horton said, "this feeling in the administration that 'State's soft.'"

Aside from the risk of the country's being given flawed policy decisions because of unexamined options, Horton said, there's the "institutional risk" that the CIA will be left holding the bag.

"At some point," he continued, "Reagan and Casey are going to be in some other world or retired from public life. If any cans get hung around anyone's neck for Central America, it won't be Reagan's or Casey's — it's going to be the CIA's."

That could lead to a repeat of the post-Watergate, post-Vietnam backlash against the agency and again impair the country's ability to supply its decision-makers with the best intelligence information and analysis possible, Horton fears.

A registered Democrat, Horton also said, "I want to be fair about this thing. . . . It's not just this administration."

When the Sandinistas seized power in Nicaragua in 1979, he said, President Carter's National Security

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A U.S. Nicaragua policy wrestles in the shadows

No need to split hairs. Whether or not the two Americans killed flying the U.S. military helicopter that was downed over Nicaragua last week were CIA agents or not is beside the point. "What is important," Nicaraguan Foreign Minister Miguel D'Escoto observed perceptively, "is that the activity in which they were involved could not have been carried out without the knowledge and consent of the CIA."

That is almost assuredly true. But it certainly is not all that is important.

What also is important is whether American taxpayers are funding operations — including the expansion of air bases across the border from Nicaragua in Honduras — that are being used to conduct hostilities against a nation with which the United States is not at war.

What is important is whether, as has been reported, the U.S. Treasury Department, the U.S. Embassy and U.S. military personnel had cooperated with James Powell 3d of Memphis, Tenn., and Dana H. Parker Jr. of Huntsville, Ala. — granting firearms licenses, arranging appointments and generally assisting them — before they embarked on their fatal mission.

What is important is whether, as the presidential campaign rocks along, the Reagan administration is playing up its efforts at peace negotiations in Central America while pumping the bellows of war beneath the table.

What is important is that the American people, once again, are left watch-

ing a so-called low-intensity war gather steam in their name, but without their informed consent.

Let scholars and pundits debate whether the two dead Americans violated the U.S. Neutrality Act, whether they were slipped money from CIA fronts, what constituted improper aid from U.S. officers.

The simple fact is the men were there. The U.S. government knew they were there and assisted them. They killed Nicaraguan civilians. And they were killed themselves.

Now it is time for the American people — told repeatedly that no aggressive actions would be launched from beefed-up bases in Honduras — to hear whether such actions are condoned by the White House.

The United States has spilled too much blood and squandered too much treasure on undeclared, backdoor wars that have won no hearts, turned no tides. Yet the scent of state terrorism, so condemned when it emanates from other countries, is all over the mission of the dead Americans. And the most ominous portent of that is that it suggests, strongly, a deepening U.S. commitment to combat in Central America.

Until the President and CIA Director William J. Casey give a satisfactory accounting of the mission, that scent will linger. It will hang over Mr. Reagan's bid for re-election. It will poison the talks for peace, and hopes for peace, such as they are.

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ON PAGE A-17

WASHINGTON POST

7 September 1984

*Rowland Evans
And Robert Novak*

Danger Warning

While President Reagan submits to the political requirement of his campaign and tries to avoid pre-election U.S.-Soviet confrontation, an internal paper drafted for CIA Director William Casey warns that the days ahead "will be the most dangerous that we have ever known."

The 11-page memorandum by the vice chairman of the CIA's National Intelligence Council was submitted to Casey in midsummer. Herbert E. Meyer, one of the few outsiders Casey brought to the CIA with him in 1981, told his boss that the Soviet Union faces a "growing sense of pessimism and looming decline."

That explains Meyer's warning. If the Soviet Union cannot reform its shackled managerial, agricultural and industrial systems because of fear of weakening the Communist Party's dictatorial control, it may choose a "high-risk course designed to change the correlation of [East-West] forces before it is too late." Such a course would be a "grab for the Persian Gulf, an attack on Western Europe or even a first strike on the U.S."

Disclaiming predictions, Meyer simply states as a fact that these "most dangerous" reactions to the Soviet "decline" may now have entered a stage of active consideration inside the Kremlin.

Some Soviet scholars believe that the Russian national temperament is not conducive to lashing out militarily in an effort to solve domestic problems, tending rather toward "circling the wagons." But Meyer's memorandum to Casey warns that the danger of the Soviets' striking at the United States and the West is real and rising. In plotting American strategy for dealing with the Soviet empire in its decline, the United States must make "absolutely certain" that no Soviet leadership could convince itself that salvation lies in trying to destroy the United States. That dictates military readiness.

Although Casey's response to Meyer's strategy for the period of Soviet "decline" was private, he is known to have reacted strongly in favor of Meyer's warning not to give the Soviets economic or technological help.

That exposes one of the most enduring and embittering disputes over U.S. strategy within the Reagan administration. At the moment Casey was studying Meyer's memorandum, the Commerce Department's Office of Export Administration was putting finishing touches on the largest new list of oil and gas equipment to be offered for sale to the Soviet Union since the early 1970s.

A U.S.-Soviet energy fair now being planned for Moscow next year will offer the Russians such mouth-watering American technology as new computers to guide the flow of natural gas in pipelines, submersible pumps and deep-sea exploration and extracting equipment.

Meyer warned explicitly against just such technology sales. Foreseeing Soviet requests for massive amounts of Western technology, Meyer said that the United States and its allies "have learned the hard way that the Soviets use whatever help we give not to improve their . . . standard of living but rather to build and deploy more weapons." In the end, he told Casey, the gains for Soviet military systems from such technology transfers always outweigh the profits of American producers.

This CIA portrait of a Soviet empire slipping into decline was buttressed by a stark collection of sociological and public health facts gathered by CIA analysts. Meyer said Soviet medical literature shows that five key communicable diseases are out of control in the Soviet Union: polio, diphtheria, scarlet fever, whooping cough and measles. The incidence of measles is only fractionally below the level at which it could be attributed to malnutrition. At least 12 cities, but not Moscow or Leningrad, are under food rationing today.

To support his finding of deep pessimism, Meyer said the Soviet abortion rate is running close to 70 percent (compared to the 26 percent U.S. rate). Demographics point to disaster: a declining population in the educated Russian Soviet Republic, which contains two-thirds of total Soviet industrial capacity, and high birthrates in the Moslem republics.

Two months before the election may not be the ripest time for Ronald Reagan to decide second-term strategy for dealing with his Soviet adversary, declining or not. But when he gets around to it, Reagan could do worse than ask his old friend Bill Casey to let him see Meyer's memorandum.

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WASHINGTON TIMES

6 September 1984

STAT

CIA's Casey staying on, despite rumors

By Edmond Jacoby
THE WASHINGTON TIMES

To paraphrase Mark Twain, reports late last week of William Casey's imminent departure from the top office at the CIA may have been premature.

In fact, they may have been disinformation, byproducts of internecine power struggles in the recesses of the White House, according to a source close to the CIA director.

"I think you can characterize the story as totally untrue," the source said yesterday.

Last week's reports that Mr. Casey intended to step down were leaked from the White House by "well-placed" officials, he said.

The leaks included a prospective list of five potential nominees to replace Mr. Casey, the source said. Prominent on the

list was James A. Baker III, White House chief of staff.

"The director was highly amused," the source said.

"These stories appear in almost exact ratio with the ambitions of certain people in the West Wing [the White House offices occupied by the president's personal staff]," he added.

The source said Mr. Casey "got a chuckle out of it," but that "he's also irritated, because he's done a lot to put the CIA back on its feet and this sort of thing is disheartening to the people who work for him."

Mr. Baker's name has surfaced several times as a likely office holder when one high-ranking position or another has become vacant. He is rumored to be seeking a Cabinet-level appointment if Ronald Reagan wins a second term as president.

Most often rumored as Mr. Baker's sought-after prize is the secretary of state's post, although George Shultz has expressed no desire to abandon it.

Mr. Casey's tenure as CIA director has not been without controversy.

The millionaire investor and 1980 Reagan campaign manager locked horns with Congress over financial-disclosure requirements prior to his confirmation hearings.

Mr. Casey declined to place his assets in a blind trust when he took over the agency. Although not technically required of office holders, such blind trusts are common.

Later, Mr. Casey was accused by Mr. Baker of being the conduit through which former President Jimmy Carter's debate "briefing book" passed to the Reagan campaign staff.

"He wasn't surprised by this sort of

thing, because a lot of these people had savaged [presidential counsellor Edwin] Meese and [Interior Secretary William] Clark through the press, and they worked with the Albosta committee to point a finger at Casey."

Rep. Donald Albosta, D-Mich., chairman of a subcommittee of the House Post Office and Civil Service Committee, conducted hearings on the briefing book incident.

"I don't think the director feels they're going to stop with this sort of leaking," the source said, referring to unnamed persons working in the West Wing.

"But I think he's in a mood — the next time this happens — to teach them the meaning of two words: 'Irish' and 'tough,'" he said.

"If they want to go another round, the director is ready," he added.

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ON PAGE A-2

WASHINGTON TIMES
6 September 1984

STAT

CMA says its aid to rebels will continue

HUNTSVILLE, Ala. (AP) — The deaths in Nicaragua of two members of an anti-communist group won't deter the group from training and providing supplies to rebels in that Central American nation, the group's leader says.

"We plan on continuing the way we are," said Tommy Posey of Civilian Military Assistance.

Two of the group's members — Dana Herbert Parker Jr., who was on leave from the Huntsville police force, and James Powell III of Memphis, Tenn. — were killed Saturday during a helicopter flight inside Nicaragua from a base in Honduras.

In a news conference late Tuesday, Mr. Posey and others, who organized or took part in the trip denied any ties with the U.S. government in their support of rebels fighting Nicaragua's leftist Sandinista government.

"It was a mission of mercy, regardless of what the Sandinistas say," said Mario Calero, a Nicaraguan rebel living in Louisiana.

Mr. Calero, a member of the Nicaraguan Democratic Force, a U.S.-supported rebel group, said the helicopter was unarmed when it was shot down in a battle area. The Nicaraguan government has said the craft was attacking the Tapasali Military School near Santa Clara, about 10 miles from the Honduran border.

Congressional Democrats demanded

yesterday to know whether the U.S. government was involved directly or indirectly in the incident.

In a letter to CIA Director William J. Casey, Rep. Ted Weiss, D-N.Y., said, "I consider it your responsibility ... to provide the American public with a full account of direct or indirect CIA involvement with the Americans participating in this weekend's raid."

Sen. Patrick Leahy, D-Vt., said he would ask the Senate Intelligence Committee to look into whether the two Americans took off from Honduran airstrips built or controlled by the U.S. government.

Mr. Posey, a Vietnam veteran and owner of a Decatur produce business, said Civilian Military Assistance was a volunteer organization operating on funds provided by its members to help supply food, clothing and other supplies to the rebels.

He said the group had sent about 2,400 pounds of medical equipment and supplies to the rebel forces. He said members collected \$15,000 in equipment and 1½ tons of ammunition and sent some to Nicaraguan rebels and government troops fighting leftist rebels in El Salvador.

Mr. Calero said Civilian Military Assistance, based in Alabama and Tennessee, had sent about 15 people to Nicaragua.

Mr. Posey said the organization was formed in July 1983 by a group of men who met at gun shows and gun shops in the Huntsville area. "We have never tried to keep our organization a secret," he said.

Nicaraguan government officials formally protested what they say was a raid, saying two adults and four children were killed. Defense Minister Humberto Ortega called the attack "a new aggressive escalation against Nicaragua with major North American involvement."

Nica air-strike deaths spell problem for Prez

STAT

By BARBARA REHM

Washington (News Bureau)—The death of two Americans in a rebel air strike against the Sandinista regime in Nicaragua has raised a potentially explosive political problem for President Reagan. Congress yesterday demanded to know if the Americans used air strips built or controlled by the United States in Honduras.

Rep. Ted Weiss (D-N.Y.) called on CIA Director William Casey "to provide the American public with a full account of direct or indirect CIA involvement with the Americans participating in this weekend's raid."

Sen. Patrick Leahy (D-Vt.), a member of the Senate Select Committee on Intelligence, said he will demand the CIA and other government intelligence agencies tell whether the two Americans took off from air fields built or controlled by the U.S. in neighboring Honduras.

He insisted that if the U.S. was permitting Americans to launch combat operations from bases it controls in Honduras, that "would violate every single thing that the administration has told us."

"I want to make sure that we're not getting into one of those wink-and-shrug situations where somebody from the government says, 'We really can't hire you, but go down the street and see Jose and tell him Joe Smith sent

you.' That's what I'm concerned about," Leahy said.

The U.S., which has financed and trained anti-Sandinista rebels in Honduras, has also built or upgraded seven military air strips and installed two sophisticated air stations in Honduras since 1983. More than 5,000 American troops have carried out joint exercises in the small nation and have trained several thousand Salvadoran Army troops there.

Nicaraguan Embassy offi-

cials said the two Americans—Dana Parker and James Powell 3d—were carrying hand-drawn maps that showed an air route from Jamastran in Honduras to Santa Clara in Nicaragua, where the Saturday air strike was staged, and from the huge U.S. air field at El Aguacate, Honduras.

The administration last year asked Congress for money to improve a dirt air strip at Jamastran.

The Reagan administration has denied any direct or indirect involvement with the air raid.

The leader of the organization, Tom Posey, said the two Americans were part of a band of seven U.S. citizens who joined his volunteer organization and traveled at their own expense to join anti-Sandinista insurgents in Honduras about a week before their deaths. Posey said his group provides food, clothing and medical supplies to rebels fighting to overthrow the government.

Democrats ask answers on attack in Nicaragua

From Inquirer Wire Services

WASHINGTON — Democrats in both houses of Congress yesterday demanded to know whether the U.S. government was involved directly or indirectly in a weekend helicopter and plane attack in Nicaragua in which two Americans were killed.

The Sandinista government, accusing the United States of "state terrorism," yesterday made public a protest letter to Secretary of State George P. Shultz from Nicaragua's acting foreign minister, Jose Leon Talavera, alleging that the United States had provided the helicopter involved in the air attack. Tuesday night, Nicaragua called for a U.N. Security Council meeting to address what it called a "fresh escalation of aggression."

In Washington, in a letter to CIA Director William J. Casey, Rep. Ted Weiss (D., N.Y.), said, "I consider it your responsibility . . . to provide the American public with a full account of direct or indirect CIA involvement with the Americans participating in this weekend's raid."

Sen. Patrick Leahy (D., Vt.) said he would ask the Senate Select Committee on Intelligence to look into whether the two Americans took off from Honduran airstrips built or controlled by the U.S. government.

Senate minority leader Robert C. Byrd (D., W.Va.), when asked whether he was satisfied with administration explanations that the U.S. government had nothing to do with the mission of the two Americans, said,

"I have no way of knowing except from news reports."

Leahy, a member of the intelligence panel and a critic of the Reagan administration's Central American policy, said administration officials have repeatedly assured the committee that no Americans were being sent into combat in Nicaragua.

"I think it is legitimate to ask some questions to make sure they are telling the truth," Leahy said. "I want to make sure that there was not any connection, either formal or informal."

Talavera's protest letter to Shultz said: "The widespread use of aircraft supplied by the Central Intelligence Agency to mercenary groups represents a new high in the intensification of the overt war being waged by the United States government against my country."

"With these actions, the policy of state terrorism pursued by the United States government has added new civilian victims to the hundreds of Nicaraguans murdered as a result of the war of aggression waged by the United States government against Nicaragua."

Dana Herbert Parker Jr., a Huntsville, Ala., police officer on leave, and James Powell 3d, of Memphis, Tenn., were killed Saturday when a helicopter crashed during a flight inside Nicaragua from a base in Honduras, the State Department said.

Department spokesman John Hughes has said Parker and Powell

had no connection with the U.S. government.

Nicaraguan officials in Managua said maps recovered from the crash site indicated that the helicopter flew into Nicaragua from Jamastran or El Aguacate, Honduras. El Aguacate is the site of a major U.S. airstrip; the Reagan administration requested funds from Congress last year to improve a dirt airstrip at Jamastran. Spokesmen for anti-government rebels denied the aircraft flew from Jamastran.

Leahy said that if Americans were being allowed to launch combat operations into Nicaragua from U.S.-controlled bases in Honduras, the action would be contrary to assurances given to Congress.

He said he would seek to determine whether the CIA or some other U.S. government agency was assisting Americans to go into combat in Nicaragua.

Parker and Powell, both 36, were members of a group called Civilian Military Assistance, described by its leader, Tommy Posey of Huntsville, as a volunteer organization operating on funds provided by its members to help supply food, clothing and other supplies to rebels fighting the leftist government in Nicaragua.

In Managua, Nicaragua said it would arrange to return to the United States the bodies of the Americans, the official newspaper Barriada said yesterday.

STAT

6 September 1984

ESSAY

William Safire

Qaddafi, Morocco- Bound

WASHINGTON

In "The Road to Morocco," Bing Crosby and Bob Hope danced off a stage singing, "Like Webster's dictionary, we're Morocco-bound!" Muammar el-Qaddafi, America's Diplomatic Enemy Number One, is now joining in the chorus.

In May, the Libyan leader was almost toppled in a coup. He subsequently increased the repression in his country. After his aggression in Chad, he was being frozen out of Arab and African councils as an outlaw nation. His oil revenues dropped. He was widely reported to be on the ropes after 15 years in power.

Then, to our astonishment, he brought off a diplomatic coup. King Hassan II of Morocco, supposedly a leader of the Arab "moderates" and long touted as a staunch American ally, secretly agreed to merge his nation into federation with Libya. In one swoop, Colonel Qaddafi — Mr. Terrorism himself — was given a new lease on international legitimacy.

The Reagan Administration, professing surprise, is in a state of puzzlement bordering on disbelief. A few questions are in order.

First, why did King Hassan do it? One politico reports that Vice President Bush said he guessed the cause was heat from the Polisario. (Mr. Bush, now campaigning in a media-free cocoon, refuses to entertain a question on this. Too substantive.) These Polisario guerrillas, supplied with Soviet arms by Libya, have long been bothering the King; a deal with Libya takes that heat off. Phosphate exports, the chief source of Morocco's income, are down; Libya may have offered money. Algeria, which provides sanctuary for the rebels, has formed an alliance with Tunisia and Mauritania; a Libyan deal is King Hassan's counter.

Why was the United States kept in the dark while negotiations went on between Colonel Qaddafi and King Hassan?

C.I.A. supporters blame the State Department. Morocco was a State favorite; U.S. diplomats had the run of the country. Ambassador Joseph V. Reed Jr., a Chase Manhattan banker appointed when Michael Deaver was eager to ingratiate himself with David Rockefeller, has been the social lion of Rabat and Casablanca — but was vacationing in Maine when King Hassan dropped the announcement on him. Ambassador Reed, who advertised himself as an "action officer," promptly reported to his duty post — the Republican Convention in Dallas.

One diplomat claims that our Ambassador was informed in advance, passed the impending news to Washington and was told to warn the King of repercussions. If this version is true, the expression of U.S. surprise is a sham, and the Arab King was contemptuous of U.S. reaction to his union with Colonel Qaddafi. Such contempt turned out to be well-placed: Mr. Bush is ducking questions because the Administration does not have a position.

How has the Administration reacted? Lengthy head-scratching and much hoping that this Libyan marriage, like others, will go unconsummated. Mistrusting the flamboyant Mr. Reed, State dispatched its heavy-weight Roving Ambassador, Vernon ("Secret Missions") Walters, to the King's palace in Casablanca this week. Ambassador Walters, with a sprained ankle, hobbled in to "express his concerns" about a country we thought was an ally federating with a state we know is an enemy.

If what a Moroccan delegation here has been telling Mr. Bush, Secretary Shultz and C.I.A. Director Casey is any indication, the King assured the American envoy that he could tame Colonel Qaddafi. In addition, Moroccans have been grumping about the measly \$140 million in American aid this year, of which \$40 million is a loan at unsubsidized interest rates. Egypt gets over 10 times that aid, and Egypt does not control the Straits of Gibraltar. Cheap payoffs invite double-crosses.

How should the U.S. respond? To paraphrase a Bedouin saying, the partner of my enemy is my enemy. Morocco has chosen to be closely affiliated with Libya, and inherits Colonel Qaddafi's liabilities as well as his relief from Polisario pressure. That calls for an immediate cutoff of U.S. military sales, which we do not want transhipped to the other half of the new federation, and a hard look at continued handouts.

"My mandate," proclaimed Ambassador Reed last year, "is to illustrate to our friends around the world that the Reagan Administration wanted to single out Morocco as the primary example of how America supported a proven ally and friend." Time for a new mandate: America cannot be expected to smile at a kick in the teeth. □

STAT

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STAT

Justice Quashes Elaborate Plan To Corral Vesco

Federal investigators have gathered copious information linking fugitive financier Robert Vesco to multibillion-dollar drug-smuggling operations involving Cuban President Fidel Castro and Nicaraguan government officials. But the Justice Department quietly killed an elaborate plan to kidnap Vesco and bring him back to face criminal charges for which he was indicted more than 10 years ago.

Evidence I've uncovered indicates that the Reagan administration—like others before it—is afraid of what Vesco could disclose if he were to stand trial for his swindles. The elusive millionaire apparently knows too much about some well-known people in this country, both Republicans and Democrats.

My associates Corky Johnson and Jon Lee Anderson uncovered the intricate kidnap scheme that was secretly developed last summer and just as secretly squelched by Justice Department brass. The FBI's lips are sealed, but reliable sources say here's what happened and why:

FBI agents conducted several meetings last year with officials of the government of Costa Rica, where Vesco hid out for several

years before taking refuge in Cuba. The first of the meetings was on July 29 in a hotel near the Miami airport. G-men from the Miami office discussed the proposed kidnapping with representatives of the Costa Rican vice president and officials of that country's national security agency.

The plan called for luring Vesco back into Costa Rica, where he owns a ranch, abducting him and turning him over to the FBI.

Coded telex messages from Miami to FBI headquarters in Washington outlined details of the plan. They indicated that the Costa Rican government was unofficially but enthusiastically behind it.

What would the Costa Rican government get for its cooperation? Reportedly several million dollars to be passed on to anti-Sandinista rebels whose presence in Costa Rica had become an embarrassment. The money presumably would have enabled the Nicaraguan guerrillas to carry their operations deeper inland into Nicaragua, away from the Costa Rican border.

When asked by my associate about the Vesco kidnap money, Eden Pastora, the designated rebel recipient, only chuckled and said he welcomed any donation to his cause.

The kidnapers—who would not have been FBI agents—had lined up a helicopter and boats equipped with radios to communicate over special frequencies with the FBI.

But the Justice Department killed the plan. The conspirators were told by an FBI agent that the plot was aborted because any money funneled to Nicaraguan rebels had to be approved by the CIA and the spy agency was not interested in bringing Vesco to book.

Further evidence of official U.S. reluctance is the report that the chief of Costa Rica's internal security refused to attend one meeting with the FBI, saying he knew the United States wasn't really interested in capturing Vesco. This squares with earlier information from Costa Rican police officials.

Why wasn't the CIA interested? Costa Rican officials and friends of Vesco said he has told them he has had ongoing contact with the CIA and its director, William J. Casey. Vesco reportedly brags that he even met Casey recently, and that Casey has helped him invest in the stock market.

Vesco has a habit of blowing hot air, but his associates say he was delighted when Casey was named head of the CIA.

Footnote: CIA general counsel Stanley Sporkin, who worked with Casey at the Securities and Exchange Commission, said that Vesco's claims about Casey are "complete nonsense." Not even "10 percent of what Vesco says" can be believed, Sporkin said. He also denied that the CIA maintains contacts with Vesco.

CENTRAM-PARAMILITARY
BY TIM GOLDEN
WASHINGTON

The CIA knew a U.S. paramilitary group was sending men to join Nicaraguan rebels but did nothing to stop the volunteers -- two of whom were killed in action in Nicaragua, congressional sources said Wednesday.

The sources said CIA officials Wednesday informed some members of the Senate Select Committee on Intelligence that the agency knew six Americans were traveling to Honduras to join the CIA-backed Nicaraguan Democratic Force, which is fighting against the leftist Sandinista government of Nicaragua.

"The agency heard these guys were coming and their guys dove into fox holes," a source familiar with intelligence matters said.

CIA officials said agents in Honduras "got out of the way" of the six Americans because they "didn't want anybody to think (they) were involved" in the paramilitary operation, the source said.

At the same time, Rep. Ted Weiss, D-N.Y., sent a letter to CIA Director William Casey, calling on him to explain if his agency had any connection with the two dead Americans.

"The loss of American lives in the covert war against Nicaragua could draw the United States into direct military involvement in that conflict," Weiss said.

The Americans, described by U.S. officials as "volunteers," were sent to Honduras by Civilian-Military Assistance, a paramilitary organization based in Decatur, Ala.

Two members of the group, Huntsville police detective Dana H. Parker and James P. Powell III, were killed in a rebel helicopter shot down by Nicaraguan forces. The helicopter was downed after participating in a Nicaraguan Democratic Force attack on a Sandinista military school at Santa Clara.

Nicaragua charged that Parker, Powell and the four other Americans who went to Honduras a week before the attack were mercenaries working for the CIA.

Tom Posey, a founder of CMA who organized the trip, told UPI the group has sent anti-Sandinista "contra" rebels \$70,000 worth of equipment and at least 15 Americans as trainers since January.

The sources said they were uncertain how far in advance intelligence agents in Honduras knew of the Posey group's operation and the planned Santa Clara attack.

The Pentagon said U.S. military personnel do not control two Honduran airfields Nicaragua says were used in the rebel attack in which Parker and Powell were killed and that U.S. personnel were not on hand when the attack was launched.

Continued

NEW YORK POST
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STAT

INSIDE WASHINGTON



BY NILES LATHEM

CIA BOSS CASEY TURNING IN HIS CLOAK & DAGGER

CIA Director William Casey has informed senior White House officials that he plans to step down at the end of the year — even if his close friend Ronald Reagan wins reelection.

The 71-year-old Long Island lawyer, who has become one of the most influential voices on national security policy, apparently said his reasons for leaving are simply that he wants to return to private life.

To hard-liners in the administration and Congress, Casey's departure from the government will be a big loss.

Casey, they say, energized an agency that was still reeling from the scandals of the early 1970s and improved its ability to give accurate predictions — especially where the Soviet Union is concerned.

As moderates in the White House and Congress see it, the administration will be losing a "cowboy" who has launched some overly risky operations — like the mining of Nicaraguan harbors.

News of Casey's departure has set off a new round of byzantine intrigue and maneuvering within the White House.

Insiders say there are at least three big names on the list of Casey's successors. They include White House chief of staff James Baker, National Security Adviser Robert McFarlane and former Ambassador to Yugoslavia Laurence

The possibility of McFarlane or Baker heading the CIA is especially intriguing since it would set off a huge game of musical chairs inside the White House.

If McFarlane, who does not have the clout that his predecessors have enjoyed, gets CIA, then feisty UN Ambassador Jeane Kirkpatrick would be the leading candidate for the powerful national security job.

And senior White House aide Richard Darman is believed to be angling for Kirkpatrick's UN job.

Maneuvering is already taking place for the all-powerful job of White House chief of staff since Baker has made clear he wants out of the White House war zone.

Three powerful officials — White House aide Michael Deaver, Interior Secretary William Clark and senior Reagan campaign aide Drew Lewis — are already battling for Baker's post.

But many insiders are betting on Silberman, an experienced lawyer, Reagan transition team hand and former Justice Dept. official who now heads the Crocker National Bank in San Francisco.

Flight 007: A mystery without end

STAT

By Mark Wagenveld
Inquirer Staff Writer

"I am closing on the target," the pilot of the Soviet SU-15 interceptor radioed to his ground commanders as he approached Korean Air Lines Flight 007 over the Sea of Japan.

Seconds later he reported that he had switched on his firing system, and then he continued: "I have executed the launch [of two heat-seeking missiles].... The target is destroyed...."

With that, the Boeing 747 jumbo jet, its 240 passengers and 29 crew members, plunged into the sea. There was no call of distress. And despite extensive searches by American, Japanese and Soviet vessels, the wreckage of the aircraft, along with the "black box" that recorded the last moments of the jet's flight, was never found.

Among the 61 Americans who perished was Larry McDonald, a Democratic congressman from Georgia and chairman of the strongly anti-communist John Birch Society.

Now, a year after the downing of the aircraft, the mystery around the plane with its James Bond flight number remains. As one State Department official said last week, "007 unfortunately is going to remain kind of a dream topic for conspiracy buffs."

Scores of questions have been asked, but not many have been answered with finality. And all the governments involved have withheld at least some of the information they have, partly out of fear of giving away the capability of electronic eavesdropping equipment they use to spy on one another.

Why had the Korean pilot veered about 300 miles off course into Soviet airspace? Had he tried to make up lost time or save fuel by shaving some mileage off the New York-to-Seoul flight after leaving the stop

in Anchorage, Alaska? Had there been an error in plotting the plane's flight path?

Questions such as those assume that the KAL flight was a routine commercial flight, which KAL, the South Korean government and the United States insistently have said was the case.

The Soviet Union, which belatedly admitted shooting down the aircraft after the United States had obtained a tape of Soviet pilots describing their pursuit of the plane, has contended since then that the KAL flight was on a spy mission. The admission that it shot down the plane came six days after the event.

In recent days, as the Sept. 1 anniversary approached, the Soviet Union loosed a welter of charges against the Reagan administration over the airliner's fate. In a new twist, broadcast a week ago, Radio Moscow contended that the United States had detonated a bomb on board the aircraft to cover up its intelligence mission after it had been intercepted. That way there would be no proof of the plane's real purpose, it said.

It attributed the information to an interview that a retired U.S. diplomat, John Keppel, gave to an Italian newspaper. Keppel, however, later said he had only speculated that the plane's fuel tanks may have exploded after being hit by the Soviet missiles.

In other recent articles in the Soviet press, the Soviets renewed charges that President Reagan willfully risked the plane's fate by sending it into Soviet airspace to draw a response from Soviet fighters. That left the Soviets no choice but to shoot the plane down, the Soviets said, since its mission was espionage.

The theory that Flight 007 was involved in espionage has been offered in the West as well. Various writers have advanced circumstantial and largely inconclusive evidence that the plane had a covert intelligence assignment, requiring it to penetrate Soviet airspace in a relatively remote corner of the world that teems with military installations.

Among them is the British publication *Defense Attache*, which said this year that the plane was equipped for electronic espionage. Last week, KAL filed suit in British court against the publication, contending that the airline had been libeled by the report.

The airline's denials of any espionage activity have been supported by the conclusions of the International Civil Aviation Organization (ICAO), a United Nations agency that issued its report in December.

"No evidence was found during the investigation to indicate that the flight crew of Korean Air Lines 007 was, at any time, aware of the flight's deviation from its planned route in spite of the fact that it continued along the same general off-track flight path for some 5 hours and 26 minutes," the report said.

The agency speculated that the incident originated with a computer-age typographical error: A single wrong number punched into the flight program at the flight's outset could have caused the plane to veer 10 degrees off course. But it cautioned that its investigation "was compelled to proceed on the basis of

Continued

JACK ANDERSON'S WASHINGTON LETTER
September 1984

STAT

The nomination of the CIA's general counsel, Stanley Sporkin, for a federal judgeship will stir another Senate confirmation row. TRUE.

Sporkin's role as lightning rod for CIA Director William Casey is likely to bring up the controversy over Casey's \$9 million stock portfolio. Casey refused to put his stock in a blind trust when he took on a job that gave him access to inside information from all over the world. But Sporkin's biggest headache, I'm told, is a congressional investigation and a federal court suit involving charges that the CIA helped finance a Hawaiian investment firm in which investors lost a bundle. Sporkin is reportedly worried that he'll be blamed for the CIA's attempt to cover up the embarrassing case.